THE MAGAZINE OF WALL STREET

APRIL 4, 1931

A Year Ago and Today—A Stock Market Contrast

By A. T. MILLER

Is Business Gaining More Than Seasonally?

By HENRY RICHMOND

Low-Priced Dividend Payers

Selected by
The Magazine of Wall Street Staff

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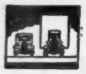
GM GENERAL MOTORS

THIS IS

PASSENGER AND COMMERCIAL CAR GROUP



Buick Motor Division,[1] Flint, Mich.—Buick passenger cars.

Cadillac Motor Car Division,[1] Detroit, Mich.—Cadillac and La Salle V-8; Cadillac V-12 and V-16 passenger cars.

Chevrolet Motor Division,[1] Detroit, Mich. (including Subsidiaries[2])—Chevrolet passenger and commercial cars produced in the manufacturing and assembly plants located as follows: Flint, Mich., motors, sheet metal and assembly; Detroit, Mich., forgings, springs, gears, axles and wheels; Saginaw, Mich., foundry; Bay City, Mich., carburetors and hardened and ground parts; Toledo, O., transmissions. Assembly plants in these cities: St. Louis and Kansas City, Mo.; Janesville, Wis.; Oakland, Calif.; Buffalo and Tarrytown, N. Y.; Norwood, O., and Atlanta, Ga. Export boxing plant at Bloomfield, N. J.

Chevrolet Commercial Body Division, Indianapolis, Ind.

Oakland Motor Car Division,[1] Pontiac, Mich.—Oakland and Pontiac passenger cars.

Olds Motor Works Division,[1] Lansing, Mich.—Oldsmobile passenger cars.

General Motors of Canada, Limited,[2] Oshawa, Ont.—Cadillac, La Salle, McLaughlin-Buick, Oakland, Oldsmobile, Pontiac and Chevrolet passenger cars; Chevrolet commercial cars. Plants at Oshawa and Walkerville, Ont., and Regina, Sask.

General Motors Fleet Sales Corporation,[2] Detroit, Mich.—Sells all General Motors cars and trucks to fleet operators.

FISHER BODY GROUP

Fisher Body Division,[1] Detroit, Mich.—Automobile body building plants located at Detroit, Lansing, Pontiac and Flint, Mich.; Buffalo and Tarrytown, N. Y. Extensive acreage of virgin hardwood timber in northern Michigan.

Fisher Body Company of Cleveland,[2] Cleveland, O.—Automobile body building plants at Cleveland and Cincinnati, O.

Fisher Body St. Louis Company,[2] St. Louis, Mo.—Automobile body building plants at St. Louis and Kansas City, Mo., Oakland, Calif., and Janesville, Wis.

Fisher Body Company of Atlanta,[2] Atlanta, Ga.—Automobile body building plant.

Fleetwood Body Corporation,[2] Detroit, Mich.—Automobile body building plants for custom bodies.

Ternstedt Manufacturing Company,[2] Detroit, Mich.—Hardware for automobile bodies and Frigidaire cabinets.

The National Plate Glass Company,[2] Ottawa, Ill.—Plate glass for automobile bodies.

Fisher Lumber Corporation,[2] Memphis, Tenn. (Fisher Delta Log Company, subsidiary)—Large tracts of virgin hardwood timber in Louisiana and Arkansas; saw mills at Ferriday and Wisner, La., and saw mill and automobile body woodworking plant at Memphis, Tenn.

Fisher Body Company of Seattle,[2] Seattle, Wash.—Automobile body woodworking plant.

Fisher Body Service Corporation,[2] Detroit, Mich.—Automobile body parts depots and body servicing plants at Detroit, Mich., and Oakland, Calif.

ACCESSORY AND PARTS GROUP

A C Spark Plug Company,[2] Flint, Mich.—A C spark plugs, A C Miko aviation spark plugs, speedometers, oil pressure gauges, ammeters, thermo gauges, gasoline gauges, tachometers for marine purposes, altimeters for motor cars, instrument panels, air cleaners, carburetor intake silencers, oil filters, fuel pumps, gasoline strainers, die castings, A C die cast machines and decorative tile.

Armstrong Spring Division,[1] Flint, Mich.—Automobile chassis springs for passenger cars and trucks.

Brown-Lipe-Chapin Division,[1] Syracuse, N. Y.—Differential gears, valve tappets and other precision automotive parts.

Delco Appliance Corporation,[2] Rochester, N. Y.—Delco-Light electric light and power plants, Delco Water Systems and Delcogas individual gas-producing units for domestic use; Delco electric fans; Delco motors for commercial purposes; North East starters, generators, ignition systems, speedometers, heaters and small motors.

Delco Products Corporation,[2] Dayton, O.—Hydraulic shock absorbers; integral and fractional horsepower electric motors.

Delco-Remy Corporation,[2] Anderson, Ind.—Delco-Remy starting, lighting and ignition systems for cars, trucks and coaches; Klaxon horns; Dual locks; Electrolocks; lock coils; switches; Delco batteries and Bu-Nite pistons. Plants at Anderson, Muncie and Indianapolis, Ind.

Frigidaire Corporation,[2] Dayton, O.—Frigidaire automatic refrigerators; electric refrigerating units for household and commercial use; milk cooling equipment; ice cream cabinets; Frigidaire water coolers for homes, offices, stores and factories; room coolers and dehumidifiers.

Guide Lamp Corporation,[2] Anderson, Ind.—Automobile lamps.

Harrison Radiator Corporation,[2] Lockport, N. Y.—Automobile radiators, radiator shutters, oil temperature regulators and hot water car heaters.

Hyatt Bearings Division,[1] Newark, N. J.—Hyatt anti-friction roller bearings.

Inland Manufacturing Company,[2] Dayton, O.—Steering wheels, battery containers, motor supports, rubber ice trays for automatic refrigerators, rubber and moulded products.

The McKinnon Industries, Limited,[2] St. Catharines, Ont.—Automobile differentials; starting, lighting and ignition systems; tool kits; malleable castings; stampings; drop forgings and saddlery hardware.

McKinnon Products Company,[2] Buffalo, N. Y.—Sporting goods, spring covers and golf bags.

Moraine Products Company,[2] Dayton, O.—Durex oil impregnated metal bearings; Moraine rolled bronze bearings.

Muncie Products Division,[1] Muncie, Ind.—Synchro-mesh transmissions; transmissions for passenger cars and trucks; chassis parts and automobile engine valves.

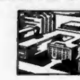
New Departure Manufacturing Company,[2] Bristol, Conn.—Ball bearings, coaster brakes, bells and bicycle hubs.

Saginaw Malleable Iron Division,[1] Saginaw, Mich.—Malleable iron castings for passenger cars and trucks.

Saginaw Steering Gear Division,[1] Saginaw, Mich.—Steering gears for passenger cars, trucks and buses.

United Motors Service, Inc.,[2] Detroit, Mich.—Provides authorized national service for Delco-Remy and North East starting, lighting and ignition systems, hot water heaters and speedometers; Delco batteries; Delco hydraulic shock absorbers; Delco commercial motors; Delco automotive radio; Klaxon horns; Harrison radiators and hot water heaters; New Departure ball bearings; Hyatt roller bearings; A C speedometers, air cleaners, oil filters, gasoline strainers, fuel pumps, gauges and spark plugs; Guide lamps.

MISCELLANEOUS GROUP



Allison Engineering Company,[2] Indianapolis, Ind.—Aircraft power plant engineering, aviation engines, bearings, superchargers, gears and mechanical equipment.

Bendix Aviation Corporation,[11] Chicago, Ill.—Aviation starters, generators, magnetos, instruments and electric equipment; Bendix starter drives; brakes and brake equipment; carburetors; automotive Diesel engines; textile devices and dyeing processes; national service for Bendix products.

Electro-Motive Company,[2] Cleveland, O.—Design and sale of rail cars equipped with gasoline and Diesel engines.

Ethyl Gasoline Corporation,[5] New York, N. Y.—Markets Ethyl fluid to oil refining companies which manufacture Ethyl Gasoline.

General Aviation Corporation,[11] New York, N. Y.—Fokker land planes, seaplanes, flying boats and amphibians. Plants at Glendale, W. Va., Hasbrouck Heights and Passaic, N. J.

General Motors Radio Corporation,[4] Dayton, O.—Radio receivers for household use and for installation in automobiles and motor boats, combination radio sets and phonographs, amplifying units for use with receivers, and other radio accessories.

Kinetic Chemicals, Inc.,[11] Deepwater Point, N. J.—Manufacture and sale of new types of refrigerant chemicals and allied products.

Winton Engine Company,[2] Cleveland, O.—Marine, stationary and Diesel engines.

Yellow Truck & Coach Manufacturing Co.,[4] Pontiac, Mich.—General Motors Trucks, Yellow Coaches and Yellow Cabs.

OVERSEAS OPERATIONS GROUP

General Motors Export Company,[2] New York, N. Y.—Distribution of General Motors cars and trucks in overseas territories not covered by General Motors overseas operations; zone offices in eleven cities abroad.

General Motors Limited,[2] London, England—Distribution of cars and trucks in Great Britain and Ireland; assembly plant at London.

General Motors International, A/S,[2] Copenhagen, Denmark—Distribution of cars and trucks in Denmark, Norway, Esthonia, Iceland, Latvia and Lithuania; assembly plant at Copenhagen.

General Motors Nordiska, A/B,[2] Stockholm, Sweden—Distribution of cars and trucks in Sweden and Finland; assembly plant at Stockholm.

General Motors w Polsce Sp. z o. o.,[2] Warsaw, Poland—Distribution of cars and trucks in

GENERAL MOTORS

HERE are 80 different companies which together comprise General Motors. They unite their purchasing power to assure quality materials at favorable prices. They exchange engineering talent and manufacturing experience. They join every resource for producing higher values and better service. Thus "General Motors Products have outstanding value."

Poland and Danzig Free State; warehouse at Warsaw.

General Motors Continental, S. A.,[2] **Antwerp,** Belgium—Distribution of cars and trucks in Belgium, Austria, Bulgaria, Crete, Greece, Holland, Hungary, Italy, Jugoslavia, Roumania and Switzerland; assembly plant at Antwerp.

General Motors G.m.b.H.,[2] Berlin, Germany—Distribution of cars and trucks in Germany, Czechoslovakia and European Russia; assembly plant at Berlin.

General Motors (France) S. A.,[2] Paris, France—Distribution of cars and trucks in France, Algeria, French Morocco, Spanish Morocco and Tunisia; warehouse at Le Havre.

General Motors Peninsular, S. A.,[2] Madrid, Spain—Distribution of cars and trucks in Spain, Portugal, Canary Islands and Gibraltar; warehouse at Madrid.

General Motors Near East, S. A.,[2] Alexandria, Egypt—Distribution of cars and trucks in Egypt, Arabia, Hejaz, Iraq, Italian Africa, Aden, Syria, Persia west of 56° E. L., Palestine and Turkey; warehouse at Alexandria.

General Motors Argentina, S. A.,[2] Buenos Aires, Argentina—Distribution of cars and trucks in Argentina and Paraguay; assembly plant at Buenos Aires.

General Motors do Brasil, S. A.,[2] São Paulo, Brazil—Distribution of cars and trucks in Brazil; assembly plant at São Paulo.

General Motors Uruguaya, S. A.,[2] Montevideo, Uruguay—Distribution of cars and trucks in Uruguay; assembly plant at Montevideo.

General Motors South African, Ltd.,[2] Port Elizabeth, South Africa—Distribution of cars and trucks in the Union of South Africa, Rhodesia, British Southwest Africa, Portuguese East Africa, Nyasaland, Bechuanaland and the Katanga district of the Belgian Congo; assembly plant at Port Elizabeth.

General Motors (Australia) Pty. Ltd.,[2] Melbourne, Australia—Distribution of cars and trucks in Australia; assembly plants at Adelaide, Brisbane, Melbourne, Perth and Sydney.

General Motors New Zealand, Ltd.,[2] Wellington, New Zealand—Distribution of cars and trucks in New Zealand; assembly plant at Wellington.

General Motors Japan, Ltd.,[2] Osaka, Japan—Distribution of cars and trucks in Japan and Korea; assembly plant at Osaka.

General Motors China, Inc.,[2] Shanghai, China—Distribution of cars and trucks in China and Manchuria; warehouse in Shanghai, branch in Mukden.

N. V. General Motors Java,[2] **Batavia, Java**—Distribution of cars and trucks in the Dutch East Indies, French Indo-China, Siam and the Straits Settlements; assembly plant at Batavia.

General Motors India, Ltd.,[2] Bombay, India—Distribution of cars and trucks in British India, Ceylon and Persia east of 56° E. L.; assembly plant at Bombay.

Vauxhall Motors, Ltd.,[2] Luton, England—Manufacture of Vauxhall motor cars and Bedford trucks; plant at Luton.

Adam Opel A. G.,[4] Rüsselsheim, Germany—Manufacture of Opel motor cars and Blitz trucks; plant at Rüsselsheim.

Delco-Remy & Hyatt, Ltd.,[2] London, England—Sales and service on all Corporation accessory products in the British Isles; technical and service headquarters at London.

Overseas Motor Service Corporation,[7] New York, N. Y.—Sales and service overseas on all Corporation accessory products.

FINANCING, INSURANCE AND ACCOUNTING GROUP

General Motors Acceptance Corporation,[2] New York, N. Y. (Including Subsidiaries[8])—Finances wholesale distribution and retail credit sales of General Motors products; branch offices in one hundred seven cities in the United States, Dominion of Canada and overseas.

General Exchange Insurance Corporation,[8] New York, N. Y.—Provides insurance service against accidental damage to cars sold at retail in the United States, Hawaiian Islands, Alaska and Canada.

The Allgemeine Automobil Versicherungs Aktiengesellschaft, a subsidiary, Rüsselsheim, Germany—Provides complete insurance service on cars sold at retail in Germany.

General Motors Holding Corporation,[2] New York, N. Y.—Underwrites certain classes of General Motors dealers, by purchase of stock in dealership, with arrangement for dealer to reacquire full ownership out of earnings.

Motor Accounting Company,[2] Detroit, Mich.—Installs, audits and supervises standardized accounting practices for General Motors dealers and distributors.

Motor Accounting Company of Canada, Limited,[6] Oshawa, Ont.—Installs, audits and supervises standardized accounting practices for General Motors dealers and distributors in Canada.

REAL ESTATE GROUP

Argonaut Realty Corporation,[2] Detroit, Mich.—Erects and finances salesrooms, parts depots, garages and service stations for General Motors divisions, subsidiaries and affiliated companies; surveys real estate projects and reviews leases for divisions, branches, distributors and dealers.

Bristol Realty Company,[10] Bristol, Conn.—Housing for employes in Bristol.

General Motors Building Corporation,[2] Detroit, Mich.—Owns and operates central office building in Detroit.

Modern Dwellings, Limited,[6] Oshawa, Ont.—Housing for employes in Oshawa.

Modern Housing Corporation,[2] Detroit, Mich.—Housing for employes in Flint and Pontiac, Mich., and Janesville, Wis.

New Departure Realty Company,[9] Bristol, Conn.—Housing for employes in Bristol.

RESEARCH

General Motors Research Laboratories, Detroit, Mich.—Maintained for the continuous improvement of General Motors products.

General Motors Proving Ground, Milford, Mich.—A 1268-acre "outdoor laboratory" for the testing of General Motors cars and trucks.

PEOPLE

General Motors is owned by 285,000 stockholders. They live in every state, in many provinces of Canada and in overseas countries.

A normal average of more than 175,000 men and women is employed in the manufacture of General Motors products.

Through more than 26,000 General Motors dealers in the United States and foreign countries about 500,000 more persons are engaged in sales and service.

Another 500,000 are directly employed by suppliers in the manufacture of materials for General Motors.

Add the families represented by these people and by the stockholders, and the total approximates six million men, women and children who derive income directly or indirectly from General Motors.

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1. *Assets owned by General Motors Corporation.*
2. *All stock owned by General Motors Corporation.*
3. *All common stock owned by General Motors Corporation.*
4. *Majority of stock owned by General Motors Corporation.*
5. *One-half interest owned by General Motors Corporation.*
6. *All stock owned by General Motors of Canada, Limited.*
7. *All stock owned by General Motors Export Company.*
8. *All stock owned by General Motors Acceptance Corporation.*
9. *All stock owned by New Departure Manufacturing Company.*
10. *Majority of stock owned by New Departure Manufacturing Co.*
11. *Large stock interest owned by General Motors Corporation.*

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The MAGAZINE of WALL STREET

1931 NINTH ANNUAL

MANUAL

You will find this Edition particularly valuable now when the prospects of a stock depend so much on its fundamental worth. The Manual has proved to be a profitable guide to increasing thousands of investors and traders. It is also used as a ready reference by banks, brokers, colleges, libraries, government officials and business and professional men.

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A Three-Year Record

OUR 1931 Manual gives you a complete statistical record for the past three years of all the leading companies in every important industry in addition to high, low and last prices for 1930.

By giving a three-year record of security prices and industrial development the Manual makes it possible for you to study the growth or decline of the companies and industries listed during a boom year (1928) the turning point year (1929) and a depression year (1930). Such a study makes it possible to determine the probable reaction of companies in which you are interested to any conditions which may develop during 1931.

The financial position of all leading companies showing the ratio of assets to liabilities, the net working capital, etc., is included. This is a very valuable feature in view of prevailing conditions. Among other important features are:

MARKETS—

Analysis of the Stock Market for 1930 with 1931 Outlook.

By the Industrial and Security Experts of The Magazine of Wall Street.

Comparison of earnings of all leading companies for several years past.

New Stock Listings.

Stock Market Prices 1928-1930.

Over-the-Counter Prices.

Curb Market Prices.

BONDS—

Bond Market Prices for 1930.

Analysis of Bond Market for 1930.

Bond Financing.

Unlisted Bonds.

Curb Bonds.

DOMESTIC TRADE AND BUSINESS—

Analysis of the Business Situation from the standpoint of recent events and prospective trend.

Money and Finance.

Commodities—Including Graphs Indicating Price Trend.

Record of Production in Leading Commodities and new production trend.

Corporation and Government Financing in 1930 and prospect for 1931.

New Industries.

Important Issues in new Foreign Financing.

SECURITIES—

3 years' Earning record—present Financial Position. Illustrated with Charts and Tables.

Railroads	**Mail Order**	**Machinery**	**Oil**	**Shipping**
Public Utilities	**Automobiles**	**Textiles**	**Tires**	**Tobacco**
Food and Packing	**Accessories**	**Mining**	**Paper**	**Radio and Communication**
Investment Trusts	**Chemicals**	**Steel**	**Sugar**	
Chain Stores	**Leather**	**Coal**		

One hundred tables and charts illustrating basic conditions in important industries and fully detailed tables giving leading companies' earnings, financial position, etc., over a period of years. Practically every company of importance whether listed or unlisted is included. The data gives the investor a complete record of the growth or decline of practically every leading corporation, which will enable him to determine the real trend of the company's affairs.

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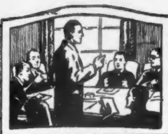


WITH THE EDITORS

Not Too Much Sentiment

"PEOPLE should be more hard-boiled about their investment holdings" was the striking statement which an old time broker made to us the other day.

"Surprising as it may seem," he went on to say, "investors are apt to get quite sentimental about the issues they hold, and this goes for some very big investors that I know as well as small investors. This may be a material age but there is a good deal of sentiment that crops up in such matter of fact fields as business and finance.

"For example, investors are apt to develop a 'pride of ownership' over a certain issue, after they buy it which obviously they did not have before. The original selection may have been made on the most critical and disinterested basis, but after the stock is 'theirs' they begin to feel a little differently about it. All reports of the company are read and interpreted with the pride of a parent over his newly born heir. If subsequent financial statements disclose a bit of rough going, the proud 'owner' takes the matter as a personal affront. Rather than admit that his first judgment was not perfect he weighs these facts on the scale of his own personal optimism and concludes that his investment is really much better than shows on the surface or than the market reflects.

"Perhaps it is the same understandable sentiment that convinces every father and mother that they are glad that their child 'has spirit' when Junior gets himself into some really devilish prank. My advice to fond parents is to spank the child when he misbehaves and to fond stockholders, sell out the prize stock when it shows any evidence of impairment of investment values."

One does not have to look very far to see the big kernel of truth in this view—perhaps no further than our own experiences in investment matters. Emotional factors are bound to play an important role in investing, if for no other reason than that investment is the most personal and intimate of all pursuits. It is seldom that an investment represents just so many matter of fact dollars being turned in for an equally matter of fact bond or stock certificate. More frequently, it represents savings, sacrifices and deprivation of certain pleasures and possessions—which incidentally is just as difficult for the $25,000 a year executive as it is for his $5,000 a year assistants.

Naturally we are all sentimental about our possessions. They arouse a certain amount of pride; they instill an unavoidable amount of fear when threatened with loss and excite a perfectly normal amount of greed when we face prospects of doing "much better." By and large, the seemingly unintelligible swings of all investment markets are often swayed by nothing more or less than such sentiments or other emotional factors on the part of those who are participating in the markets.

But there must be grave doubt whether sentiment can prove a good guide to investment success. There is probably a very definite advantage to the investor who can maintain a perfectly detached point of view of his issues. As our broker friend says, it is a good thing to be perfectly hard-boiled about stocks and bonds. After all, the mere fact of our proud possession does not change their intrinsic or realizable value one bit.

In the Next Issue

Is the Ogre of Utility Legislation Real or Phantom?

By THEODORE M. KNAPPEN

Manufacturing Profits and Selling Losses

The Coming Revolution in Distribution

By JOHN C. CRESSWILL

Our Investment Stake in Europe

Crops Hold the Key to Coming Business

Low Price Non-Dividend Payers With Possibilities

E. Kenneth Burger
Managing Editor

C. G. Wyckoff
Publisher

Theodore M. Knappen
Associate Editor

Investment and Business Trend

We Wish Europe Well—Supply and Demand Rule—Sentiment—The Gold Incubus—The Market Prospect

WE WISH EUROPE WELL

ALTHOUGH the proposed intra-European tariff truce has failed, the outlook for peace and harmony in that continent suddenly has become much better. Simultaneously, the business outlook begins to brighten. Various causes are assigned for this dual improvement, but the underlying cause is probably an emotional one. Reacting from the contemplation of the horrors of another war, which would be the irrevocable ruin of the continent, popular sentiment has veered to the support of policies and attitudes that make for peace. The havoc wrought by the general business depression, with its millions of unemployed, is as near war as the people want to be. There is too much need of production for propaganda of destruction to flourish. But at best the recovery of prosperity in Europe will be slow. The two most important countries of Europe in an industrial sense, the United Kingdom and Germany, seem to be bogged down for a long time. Britain is oppressed by war debts and loss of national ambition and pride. Her industrial equipment is archaic, her weak government encourages idleness and there is no collective will to conquer. Germany got rid of her war debt by inflating the currency until it evaporated, but by the same token wiped out her working capital, and still has the reparations load to pull. But Germany is modern to the minute and has a firm will to live and recover. While the recovery of England and Germany will mean stiffer competition in the export market than we have ever had, it is undeniable that, somehow, the more our competitors export, even in the keenest competition with us, the more they buy from us. Despite the effects of protective tariffs the different nations tend to concentrate on the production of that in which they excel, and from its proceeds to buy more of that in which their neighbors excel. We are, paradoxically bound to wish England and Germany all success, even though it spell ruin for some elements of our export trade. They cannot come back too rapidly to please us. In fact, it is actually good selfish policy for us to help them come back. Now that the European situation is improving we may soon expect to see an expansion of industrial loans to Europe. They will be bitterly opposed in some quarters but they are justifiable not only from the banking and investment point of view but from that of our commercial and industrial interests.

SUPPLY AND DEMAND RULE

STABILIZATION is necessary if trade in general is to be restored to a profitable basis. But there exists apparently quite a difference of opinion as to the method by which this is to be attained. Some industrial leaders, backed by expensive legal counsel, have endeavored to effect stabilization by the use of plans which result in the fixing of prices. On the other hand, the Department of Justice has shown just as aggressive an opposition to such schemes. Trade agreements in the petroleum industry were signed about a year ago, whereby it was sought to have the producers and distributors agree not to depart from posted prices, it being assumed that each had a right to change his posted prices when he decided the market warranted such action. But the Federal Trade Commission revoked the agreement. All other efforts to fix prices, or to stabilize prices by agreement or other subterfuge have proven unsuccessful. In Europe these things are accomplished with greater ease because there is no question, in most cases, about the legality of the agreements made. But even there, efforts have not been crowned with much success. England's notable experiment with rubber restrictions was a dismal failure. Brazil was thrown into a revolution as a result of the disastrous experiment with coffee valorization. Commercial Attache Lund reports from Oslo that cartel agreements have been especially to the fore in the present period of depression. "Selling quotas, uniform prices and division of markets," he says, "are the usual consequences. In theory, such provisions are perfectly logical and, during normal times, easily carried out. But a depression emphasizes the difference between the interests of an entire industry and those of the individual members. As a result, cartel quotas and regulations are not always followed, and cases occur where fines are paid on excess production rather than adhere to the quota agreed upon." Efforts to nullify the economic law of supply and demand have been extremely costly. But when the law operates to a great loss for many there are always opportunities for the shrewd to attempt the impossible. In Washington those astute "advisors" are dubbed "trade association racketeers." They have been trying to sell business men an idea that is highly transcendental. And now that it appears obvious that price fixing cannot be attained under the guise of a legalized stabilization, business may be able to get down to plain hard common sense and begin to sell its output and allow the old law of supply and demand to operate without hindrance.

SENTIMENT

SENTIMENT is one of those intangible factors which, while it may be commonly disregarded, is nevertheless a potent influence in both business and the market. During a great part of last year when fear and uncertainty predominated, the course of trade, industry and security prices was not only restrained from any semblence of recovery but actually driven to unjustifiably low levels. Since the turn of the year the opposite has been true and the general hopefulness and returning confidence has done more to hasten recovery than any other single factor. What is more, an optimistic attitude is a cumulative force. Confidence breeds confidence and restores that willingness to anticipate the future in the form of forward buying, less sacrifice selling and sound expansion which is the life blood of good business. Of course, the stock market in the past three months has been the quickest to reflect the change and by its very strength has imparted an impetus to business rather than finding its own foundation in the quickening pace in industry. But perhaps the most profound influence of the better sentiment which has so far characterized 1930 is the general will to work which it has engendered. There is less of the bewailing of conditions in individual industries. In the consciousness that times will be better is born a spirit of more intensive work. Everyone is driving harder to improve his own business and there is no surer path to general prosperity.

THE GOLD INCUBUS

DURING the first quarter of the year, the monetary gold stock of the United States increased almost 100 million dollars, bringing the total to a new high record at a little under 4.7 billion dollars. It seems hardly a coincidence that this record supply of monetary gold should be recorded at a time which marks approximately the low ebb of the industrial depression in our country. In fact, if we follow the trend of gold supplies and the trend of prosperity back a few years, we are positively impressed with the startling possibility of Uncle Sam becoming "gold poor" in much the same way that great landed estates frequently become "land poor." The previous peak of monetary gold supply was attained in 1927. During the subsequent year or so, some 600 million dollars of gold were lost by net exports. But it was during this period of gold outflow that the great business boom of 1928 and 1929 was in the making. Nor does the inverse relation between gold and prosperity stop here, for it was after the turn of business and the market crash that the flow of gold back to the United States became most marked. And it was the depression year of 1930 that saw the return of the major portion of the gold lost during our "prosperity era." If only one of those striking economic coincidences, at least we must record the observation that when the world had gold to buy his products, Uncle Sam prospered. When the world shipped its gold back, at least it did not do Uncle's business any good. Today the United States holds almost two-thirds of the world's monetary gold supply, but with so much unemployment, industrial lethargy, corporate deficits and dividend reductions in the picture, it is hardly safe to assume that gold alone makes for national prosperity.

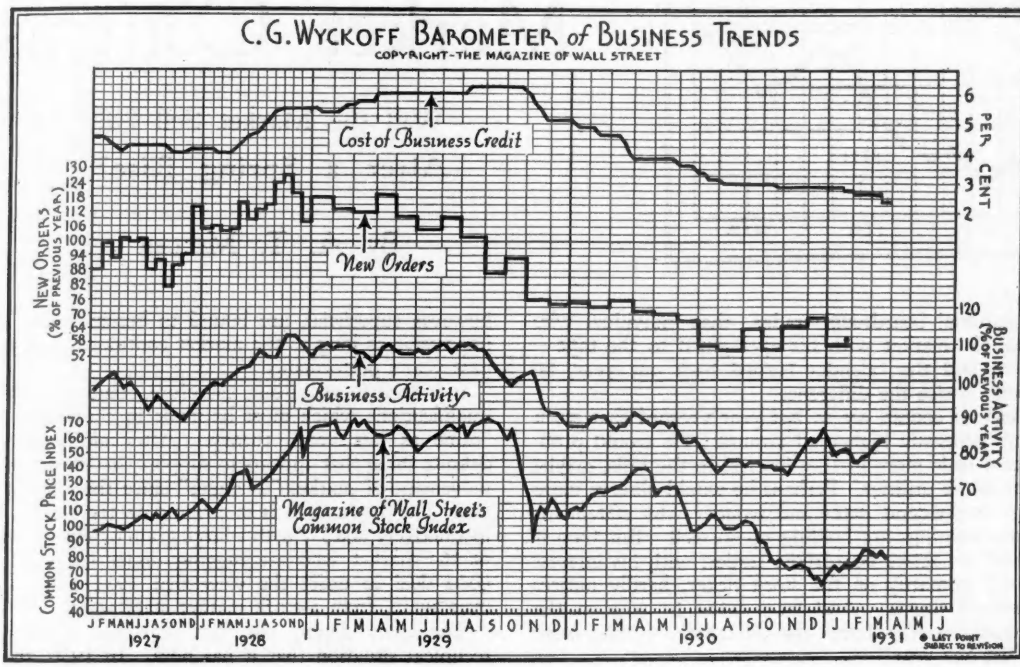
THE MARKET PROSPECT

OUR most recent investment advice will be found in the discussion of the prospective trend of the market on page 738.

Monday, March 30, 1931.

Taking the Pulse of Business

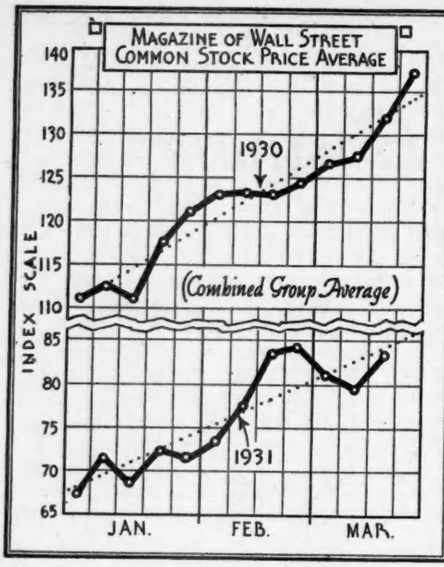
Little to Indicate Rapid Improvement as Yet



THE recent sinking spell in short term interest rates is symptomatic of a situation that calls for more than passing comment. Such rates are indeed so low now that they scarcely compensate the banks for the expense of arranging loans. Much has been heard about the duty of the Federal Reserve banks to purchase Governments on a large scale and thereby place additional credit at the country's disposal; but is it not a fair question to ask why member banks themselves do not make more profitable use of the excessive store of surplus funds which they already have available? It has recently been estimated that member banks are in such exceptionally strong condition that they could invest up to two billions in corporate bonds and still remain as liquid as in the summers of 1922 and 1924, which were both times of great banking strength. If the banks would enter the market on even a smaller scale, it would not only help to accelerate improvement in general business conditions, but would add directly to their own earnings because of the attractive yields now obtainable on high grade corporate bonds. But if they persist in remaining overcautious, how can the other interests and individuals be expected to loosen up?

Initial returns on New Orders for the next point on our graph point to a fairly satisfactory upturn. This inference is supported by the continued rise in the Business Activity curve which, in slack times like the present, responds to changes in the volume of New Orders before reports on the latter can all be compiled and published. Apparently goods and materials are being purchased at an improved pace. We cannot yet be too sure of the immediate prospect, however, for the period just ahead of us will offer a trying test to the vitality of recent business gains; and comparisons will be with a period last year when the seasonal pickup was unusually rapid. Recent renewed weakness in commodity prices and a noticeable retardation in the pace at which raw material inventories are being reduced offer little encouragement for rapid improvement in trade and industry during the second quarter.

Uncertainties of this character have found reflection in diminishing activity in both the stock and bond markets. In addition the trend of common stock prices has temporarily weakened, suggesting that renewed strength will demand a more substantial foundation in business gains than has been afforded in recent weeks.



A Year Ago and Today—A Stock Market Contrast

Will the Market Sell Off After a Spring Rise?

By A. T. Miller

IF the habitual boardroom trader—that individual who follows the market with his eyes glued to the tape—were to find the calender turned back one year, he might hardly notice the difference.

He would, of course, see in last year's record that stock prices were generally higher all around. He would probably notice a little more market interest in the rails, maybe a little less in the utilities. Perhaps he would observe more changes in ex-dividend dates and wonder why statements of corporate earnings are holding up so well. But then it is often said the active boardroom trader, with his interest concentrated primarily on the stock ticker, hardly notices such incidental things. And from what he sees on the tape he would hardly know the difference, if time were set back just one year.

The elements of similarity on the surface of the current market are indeed striking. Like the market during the winter and early spring of 1930, the current affair has pulled itself out of a major decline to be reincarnated as a vigorous advance with all the thrill and excitement of a real bull market. On the revival of speculative interest, our friend the boardroom trader finds a fewer empty seats around the ticker—just as he did last year. He sees—if he is a keen observer—an undercurrent of rather steady buying that seems to be taking stocks out of the market in sufficient volume to maintain a strong technical situation. He knows that the bear contingent has been defeated at every skirmish since the beginning of the year and presumes that while many amateur short sellers have been driven to cover, a stubborn professional short position is still largely intact. Possibly he pulls out his favorite market chart, and bless you, it is almost an exact replica of the chart that he kept last spring.

Looking Beneath the Surface

It is easy therefore to make the inference that if the start of 1931 is so nearly like the start of 1930, that the two years are destined to hold much in common. And there seems to be a growing number of participants in the current market who are jumping at some such conclusion, placing a few theoretical selling orders where the spring rise came to an end in 1930; drawing in some imaginary profits by covering equally imaginary short lines where the "rally" came last summer. Such appraisals of the trend, however superficial, are bound to become more and more impressive as long as the market continues to duplicate the past year's performance.

It is well to point out, therefore, some of the important qualifications which must be made in connection with this "same as last year" theory. After all about the only definite thing that appears to support that theory is the price movement of market "averages" since the current year began. The duplication is so striking on the surface, that one instinctively takes it with a large grain of salt. And students of the market who are digging under the surface find a good deal to upset the view that 1931 will be 1930 all over again, from a stock market standpoint.

The early spring rise last year had much the same technical situation that it has now. In 1930, the advance followed a swift and unexpected decline in stock values of such drastic proportions that a technical rally of considerable importance was quite warranted. It was accompanied by one of the most daring adventures in the history of our national economy. Business and government joined hands in a gigantic scheme to pull industry out of its rut, through the medium of the Administration's famous Prosperity Conferences. Billions of dollars' worth of construction and improvements were pledged by both private and corporate officials, and however the plan was modified in actual operation, there is no question but that these conferences were directly responsible for the bulge in industrial operations in the Spring of last year.

Hand Made Prosperity

Furthermore, constructive forces in the 1930 market had much material out of which to manufacture optimistic financial and investment sentiment. In addition to the prospects that a full-fledged business depression was going to be halted in its tracks and dissipated into thin air for the first time in the annals of the world's industrial history, the sponsors of stocks had good reports of corporate earnings hanging over from the boom year of 1929. And the stimulating effects of the nation's "hand made prosperity" scheme were fully reflected in the then current business news and in monthly and first quarter statements of corporate income. Under the circumstances there was more concern about getting stocks in the event that the great prosperity making experiment proved to be successful than

there was apprehension about paying the cost of the experiment if it should fail.

Among these more fundamental elements, there is a decided reversal in the situation extant at the present time. In the first place there is much less artificial respiration used or even needed to keep business alive. To be sure, the patient does not look any too well, but at least we see him at his honest-to-goodness worst. Neither is there much mystery about how poor corporate earnings really can be in terms of the most modern depression measurements. Financial reports hanging over from last year disclose about all there is to know on the subject of how badly our large industrial corporations fared in hard times.

Even in making comparisons it is possible to make intelligent allowance for the "doped" earning power of the early part of 1930. Furthermore the first quarter of 1931, with its continued low industrial earnings, its deficits here and dividend reductions there, reflects fully and impressively, the long delayed "cost" of attempting to stem the natural course of economics by artificial barriers. Business that was uneconomically pressed into the first half of 1930 out of sentimental or patriotic motives might have brought larger profit margins to everybody concerned if it had been spread a little thinner, but more evenly, over the full year.

Perhaps the most important favorable comment that one could make concerning the present advance in stock prices therefore is the fact that it has materialized in the face of a complete and intelligent realization of how badly impaired corporate earning power really is. The 1931 spring rise is certainly not borne on past glories.

From A New Basis

So far, we have seen enough to realize that important differences appear in this contrasting picture of the stock market last year and the stock market in 1931. And there is more to be said. The market in each of these periods has started from a different base. The early 1930 stock market rise started from a level of 1928 prices. The current movement started from a base that is more accurately associated with 1926 prices, both as far as representative individual issues are concerned and the usual market "averages" as well.

A similar revaluation must be recognized in other directions. For instance, brokers' loans as reported by the Federal Reserve Bank of New York were around 3,350 million dollars at the start of 1930. At the end of the first quarter they had increased to approximately 4,000 million. This year opened with brokers' loans at 1,880 million dollars and they have not yet reached 2,000 million, with the first quarter coming to an end, in spite of the rise of some thirty points in the market averages during the period.

The performance of the stock market during the first quarter of the year shows a striking similarity on the surface to last year's market. But are the fundamentals the same? Mr. Miller takes up this question, in the accompanying market analysis, and discloses factors which have an important bearing on the current market prospect.

Similar readjustments are to be seen in the money markets. Call money now renews at 1½ per cent as compared with 2½ per cent a year ago. More significant is the rate of commercial borrowing. Sixty-day commercial bills today command a 1½ to 2 per cent rate. A year ago, this class of paper was quoted at 3½ to 3¾ per cent and even then was considered inordinately cheap. At such low levels, money rates lose much of their significance in a comparison, but seem to indicate unmistakably the fact that the financial and business depression of the past year or so has not dissipated the abundance of capital available for investment.

From the strictly market standpoint, there are elements of similarity between 1930 and 1931 that must be conceded to be of more than superficial interest in their influence on the current trend of prices. Both periods followed at the heels of price declines, which were sufficiently drastic to hold elements of market panic in them. In order to provide a market for stocks under such circumstances, it became necessary for banking interests and other sponsors of the market to buy stock in for support purposes. Transactions of this nature are essentially temporary in intent and stock acquired in supporting prices is usually not long retained. It finds its way back to the market upon the first major advance in prices. There was probably more support stock carried into 1930 than was carried into the present year, but nevertheless this is a factor to be considered in the present market situation.

Support Stock

The sale of support stock makes it essential to maintain a market that would be favorable for distribution. Stocks that are taken in during a severe decline become lodged with many different individuals and groups—professional traders, banking interests, pools and speculators. Naturally the distribution of such holdings is governed by many different ideas and purposes, so that the "lightening process" may become a rather long-drawn-out affair. But when the major portion is completed, the market must be expected to have a rough spot to go through. Usually, some such condition results in a definitely reactionary movement.

A thoroughly disinterested point of view relative to the current market situation, must recognize that the present market has at least one factor—namely this disposition of support stock—in common with the early 1930 market. At its worst, it might produce a rather nasty break, probably of short duration from the standpoint of time but quite disturbing to the speculative element while it lasts. Under the most favorable circumstances, however, the disposition of support stock might be accomplished in about equal proportion to new buying of stocks for more or less permanent retention on favorable long term prospects for the market. In that event, the process might have little more visual evidence than perhaps a period, or successive periods, of irregularity with moderate price declines.

In either case, such an aftermath to an early year uptrend would again bear resemblance to the record of 1931, but the similarity will in all probability end there. In other words, while substantially lower levels may materialize in the near future, particularly as the first quarter earnings and the continued lethargy of business come more in evidence, fundamentally the case for a longer range market uptrend rests on a far sounder base than was the case a year ago. Under such circumstances, however, it will prove the part of wisdom to exercise considerable patience — refraining from buying on strength or in the early stages of weakness, and awaiting more extended liquidation for discriminating acquisition of investment stocks which can safely be held until such time as business achieves the recovery for which it is ultimately destined.

Selling American Cars to the World

Expansion of Foreign Markets a Vital Necessity for Domestic Manufacturers — How Much Progress Has Been Made? — What Are the Prospects?

By Ralph L. Woods

BECAUSE the continued expansion of foreign markets for our automobiles spells the difference between meagre and generous profits for our motor industry, it is well, at this turn in the economic road, to survey the world's commercial highways in an effort to gauge their ability to absorb the traffic we are routing in their direction.

Unquestionably the roads our motors must travel to reach these foreign markets are in some instances bumpy and jagged. Other require detours and have dangerous curves. A few have signs reading, "Private Property—No Trespassing." Thus it promises to be an intricate and exacting drive. Yet the chauffeur of American enterprise gives promise of being equal to the complexities and difficulties of the expedition.

First, let us understand the general background of the situation. We must recognize why the full prosperity of our automobile industry has such a vital relation to the development of foreign markets. This may be summarized briefly by stating that the success of our huge motor industry has been based on mass production. And successfully to employ mass production, we must have broad market outlets for the large volume it produces.

Since the domestic car market has, for the present, at least, a rather clearly defined saturation point, and since our mass production of automobiles exceeds this maximum, we must seek foreign markets where the surplus can be profitably disposed. To the extent our motor manufacturers succeed in marketing their cars in foreign lands their profits will increase, because they are thereby selling their surplus production.

The fact that the motor industry's prosperity is dependent on maximum production is aptly illustrated by the Chrysler report for 1930. This company's sales during 1930 decreased 44.5 per cent whereas their net profits fell from $4.94 per share for 1929 to 5 cents per share for 1930, or a drop of 98.8 per cent.

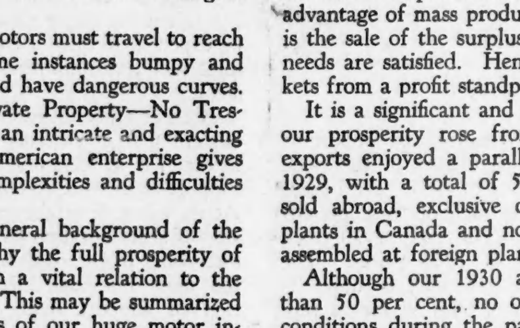
In this report we have proof of the soundness of the proposition that the great majority of our automobile manufacturers do not begin to make a profit until they have marketed a substantial percentage of their total production for a given year. After they have passed that point their earnings increase at a far greater ratio than their production. In other words, the per unit cost of production decreases and the per unit margin of profit increases as the volume of output becomes higher. This is the characteristic advantage of mass production. A major problem it creates is the sale of the surplus which remains after the domestic needs are satisfied. Hence the importance of foreign markets from a profit standpoint.

It is a significant and interesting fact that as the tide of our prosperity rose from 1921 to 1929 our automobile exports enjoyed a parallel expansion. The peak came in 1929, with a total of 546,202 passenger cars and trucks sold abroad, exclusive of exports from American-owned plants in Canada and not including American automobiles assembled at foreign plants.

Although our 1930 automobile exports dropped more than 50 per cent, no one familiar with world economic conditions during the past year expected otherwise. Furthermore, for the purpose of plotting the course ahead, it would avail little to use as a yardstick a year that was as abnormally bad as most of 1929 was abnormally good.

Before we become involved in a discussion of those fundamentals which enable and induce people abroad to buy our automobiles, let us assure ourselves that there are actually enough potential customers to make the quest worthwhile.

If we compare the rest of the world with the western hemisphere from the standpoint of automobile ownership, we find that it has about four times as many motor vehicles as all other countries combined. More than nine-tenths of the 26,461,000 automobiles on the American continent are in the United States. Against this United States figure, all Europe has only 4,000,000, Asia 402,000, Africa 290,000, and Oceania 741,000 automobiles.

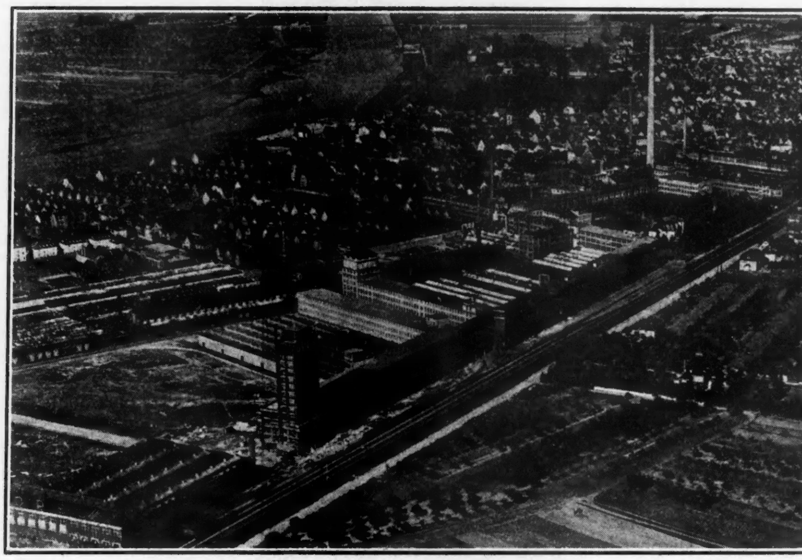


To put it more graphically, Europe has 786 automobiles for every 100,000 of population. In Asia there are only 40 cars for every 100,000, and Africa 213,

whereas in the United States there are 20,525 cars for every 100,000 persons.

It is unlikely that anyone of discernment would, upon examining these figures, conclude that our motor industry was suffering from a lack of foreign sales prospects for their cars. The whole civilized world is its market. Given sound economic and political conditions in these various nations and parts of the world, and not too many or too severe restrictions on its activities, the merchandising genius of America will play an increasingly large part in these markets as the present decade unfolds itself.

In endeavoring to determine the possibilities in foreign markets for our automobiles, it is not logical merely to infer what has been accomplished in the past. The whole problem of securing profitable markets abroad for our motors is inextricably bound up with such vital questions as the political stability, economic condition, standards of living, tariffs, highway developments, and competition from home industries, of the various nations of the world. Each nation is a separate problem because each presents to the exporter a different set of conditions. These conditions are in a constant state of flux. But an understanding of them at a given time should fairly indicate what countries will say "Yes" to the practiced wooing of our automobile industry. It is not practicable at this time separately to survey each country. What we can do is to get a panoramic view of the scene and in that way acquire an understanding of the problem in its larger and more general aspects. Thus equipped, it is possible to estimate with some degree of accuracy the measure of success our automobile industry will experience beyond our continental borders.



Courtesy, General Motors Export Co.

The Opel Motor Works in Germany

World Conditions Improve

Comprehensively to discuss the world's economic condition would require a treatise. But there are certain conditions of recent occurrence which seem to indicate a general tendency. Of first importance is the slight but significant inclination of the world's gold supply to distribute itself more equally. Probably of next importance is the check in the sickening drop of the world silver market. These are two fundamental requisites for a return of the world economy to firmer ground.

Another change of more than passing importance was sounded by Gates W. McGarrah, president of the Bank for International Settlements, when he advocated a spreading out of the liquid capital now concentrated in the United States and France by putting it to work on long term loans and foreign credits. It may be supposed that Mr. McGarrah's voice is the voice of international bankers in general. Already his suggestion has been acted upon with beneficial results.

In general the world appears to have definitely passed the worst of its sick spell. While no meteoric recovery is expected, it is the consensus that we may confidently look forward to a reasonably consistent upward economic trend, providing no serious political disturbances interfere. On this score it is gratifying to note currently a general subsiding of unrest as evidenced in the recent dispatches which report the decline of the Hitler faction in Germany, the truce between Gandhi and the English Government, the highly important naval agreement just consummated between France and Italy, the apparent end of revolts in Latin-America, the squelching of revolution in Spain, the faint signs of stability of China, and the continuance of strong governments in France, England, Italy and most other countries. In general, no drastic social or political changes impend in any important countries.

Thus we may with justification inquire into those conditions which have a more specific application to the sale of our cars to the varied people of the world.

The chief bar to the immediate large scale development of foreign markets for our cars has been the limited purchasing power of the people. This is a factor which is losing its force with the progress of the world towards industrialization, and particularly towards the American high wage theory which Henry Ford is so forcefully demonstrating to Europe.

The social and political unrest which seems to be the concomitant of economic ills has a value, in that it stirs backward and shortsighted industrialists and governments to better the living standards of the masses. Thus, following every major depression, living standards tend to reach higher levels than before. It is reasonable to suppose that the present instance will prove no exception. The ogre of Communism will no doubt continue to stimulate both industry and government in their efforts to better the lot of the people in order to keep out the destructive doctrines of the Soviet.

What the raising of living standards abroad will mean to the sales of our automobiles may be calculated in a general way by the exercise of a little vision. For instance, in the United States there is one car to every 4.6 persons. If within a decade or two the European ratio of one car to every 69 persons could be raised to one car for every 20 persons, still only 25 per cent of the United States ratio, it would mean a total of 16,000,000 additional cars sold to those countries, not including normal replacements. This

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¶ *The Investor and the Business Man View the Bank's Divers Affiliates and Ask:*

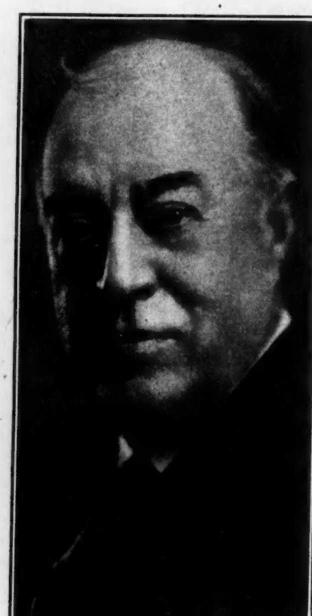
¶ *Banker or Security Dealer—Which?*

A Bank's Real Job

By James G. Strong of Kansas

Ranking Republican Member of the House of Representatives, Committee on Banking and Currency

IF there were not many evidences that American bankers are in a chastened mood, I would hardly dare to essay this commentary on our banks and their tendencies. It is noticeable, however, that since October, 1929, the bankers have not been quite so sure as they were of their financial prescience and infallibility. I think that when they reflect that the speculative boom in securities was based on bank credit in the first instance and that a comparatively small group of banks could have prevented it, they must feel that our present business woes are at least in part due to their mistakes. To put it mildly, it might be said that the banks, which take it upon themselves to be counsellors to other business elements and founts of prudential wisdom for the safe and sane conduct of commerce, consumed little of their own cautious advice in the year preceding the great debacle. Looking back on that period, one might be pardoned if he were to intimate that the shepherds of the commercial flock were not excessively faithful to their duties.



James G. Strong

I hope that whatever strictures I may make upon banks and bankers, it will be understood that I am not a political or economic radical and that what I say is said in a spirit of friendly and helpful criticism. In fact, the general indictment I bring against the banks is that they have not been conservative enough. They have been too "progressive" and have become, for money making purposes, something far more than proper banks.

Banker and Counsellor?

I am now referring, of course, to commercial banks When I say that they have been too progressive I mean that they have overleaped the proper limitations of their functions. A commercial bank, a bank of deposit, properly exists to serve the financial needs of business. It is the custodian of the funds of its patrons and upon the foundation of the cash entrusted to it is authorized by law to rear a credit structure of ten-to-one. As the dispenser of this collective credit it is incumbent upon the banker to be familiar with the affairs of his borrowers. He necessarily becomes an advisor. As such he should be without prejudices that may be inimical to the best interests of his depositors and borrowers, as well as of the community at large.

The rapid evolution of our commercial banks into practically every field of finance, and investment and business control has resulted in an impairment of the value of their counsel and advice and consequently of the soundness of their general policy. In my opinion a commercial bank should not be a trust company, an interested dealer in stocks and bonds, an investment company, an investment trust or a mortgage bond concern. It should not be engaged or involved in any kind of speculation. To say that these activities are conducted through affiliated companies instead of actual departments is to beg the question.

Banks As Department Stores

A bank with a string of trust companies and investment companies and what not is bound to have interests to serve that may and must conflict with those of the bank proper. How much prudent and judicial advice is injected into the transaction when the cashier of a bank advises a patron to put his investment funds into an investment company project fathered by his bank, or into bonds underwritten and peddled by its investment company, or into some venture in which its trust company is involved as trustee? How much impartial advice is in evidence when a bank advises its patrons to subscribe to some flotation which it has underwritten? The fact is that when a bank of deposit becomes a dealer in anything but money and credit it is entering the securities merchandise business. It has financial commodities to sell for profit. Its advice is almost certain to be colored, and its functions as a collector and distributor of the community's credit are likely to be distorted by self-interest arising from other activities. Of course, I am not referring to investment bankers, proper, who are legitimate and necessary distributors of securities.

A most deplorable aspect of American banking is its close affiliation with the stock exchanges. The great banks of New York, which dominate the trend of American banking, are too deeply involved in speculative activities to be entrusted with the financial mentorship of the nation, and yet they actually occupy that position. The cash position

of the great Wall Street banks is actually controlled from day to day by their stock market relations. In other words, their cash reserve position is regulated by speculative controls, instead of substantial business controls. They call stock exchange loans if they need cash and put them out if they have a surplus of cash. It is inevitable that institutions that are in such close mechanical relations with speculation must be profoundly influenced by it—even to the point of confusing it with productive industry and trade. They come to think that stock speculation is a primary business.

Only through some such psychological aberration as that is it possible to explain why the banks were party to the enormous inflation of security prices that marked 1928 and 1929. As cool, and impartial observers of American business, which they should have been, they would have known that the new era talk was only old error and that the intrinsic values of the properties listed in the stock exchanges had not doubled within a few years. They should have known that the substantial products of the nation and the income of its citizens had not doubled and trebled with ticker-tape perforations. They had access to data that would have told them that domestic transport had remained static for years, that agriculture was waning and construction receding, that chronic unemployment was steadily mounting.

The business figures that were growing were mostly those of the security quotations, which were due to the expansive force of speculative bank credit. There was no commodity speculation; real estate, as a whole had been inert for years. The general price level had been slowly descending for some time. I call attention to these facts because I want to point out that bankers as a group have no dependable alibi in the excuse that it is impossible to distinguish between loans that are made for ordinary business purposes and those that are intended for speculation.

The only rampant speculation on the whole horizon was the crazy stock market. Eschewing the advice that they so often give their customers about avoiding all investments that pay more than 6 per cent they lent money freely for purely speculative purposes at rates as high, as the boom progressed, as 10 and 20 per cent. It is true that their loans appeared to be the safest that can be found, being secured by supposedly quickly convertible securities. But their weakness was that they were loans on pyramided valuations that had been made by previous loans. In other words the banks, or some of them (I am glad to say that there are notable exceptions), built up fictitious values on which they made correspondingly increased loans.

If you want to know how safe these loans turned out to be find out how much frozen credit some of the banks have on hand eighteen months after the crash.

When a bank is tied up to the stock market, directly and indirectly; is involved in a maze of distracting interests, arising from trust functions, its own investment company, businesses that it owns or controls but does not understand, the merchandising of securities, the formation and administration of investment trusts, the clique-interest domination of concerns that it finances, to say nothing of the inevitable involvement of its officers in speculative ventures on their own account, it becomes a frail reed for the support of legitimate business. The business man has about as much chance of reasonable credit allowances and impartial advice from such an institution as he has of impartial buying counsel from a merchant who is also the manufacturer of much of his stock. One doesn't expect disinterested advice from an automobile salesman, because his self-interest is obvious and avowed. I don't see much difference between the automobile salesman and the banker who advises you to put your money into the securities he is backing, except that the latter's self interest is never avowed and not always obvious.

After 1929 bankers, as a class, cannot claim the genius of prophecy nor the right of business mentorship. They did not foresee or, at least, proclaim what was coming in that year, and it was many months after the crisis before they began to see the outlines of what had happened and what would,

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Have the Little Bo-Peeps Forgotten Their Sheep?

"Now Don't Quote Me, But—"

As Reported by the "Itinerant Economist"

A $50 Suit for Overhead

"The trouble with business," said the prosperous corporation lawyer, who has had no trouble with his business, "is that it got to enjoy putting up a front. Take me, for instance; there was a time after I had attained about as much of an income as any man ought to have for the good of his immortal soul and the health of his mortal body when the outside price I paid for a suit of clothes was $50. This one I have on cost $180. What do I get out of the $130 difference? Nothing but the satisfaction of a silly vanity that I ought to be ashamed of. All my other expenditures have increased in a somewhat like ratio, with the same hollow satisfaction. During the fat years all business took to wearing $180 suits, so to speak, and it hates to go back to the $50 apparel. But it is inevitable, and the sooner the readjustment comes all along the line the better it will be. People won't trade their 50-cent dollars for others' 200-cent dollars. 'Overhead' is the suit of business. By cutting it judiciously the loss of profits that would otherwise have followed the transaction of the same physical volume of business at lower prices is now being offset to a considerable degree in many companies. Moreover, about the only way to get money income up to what it was is to cut prices and expenses to the level demanded by the times. For a sober year or two business will be compelled to think more about volume at money's worth and less about price at volume's loss."

How to Sell More Wheat

I met a big flour miller from Minneapolis whose ideas of what is the matter with business jibed with those of the corporation lawyer. "The Northwestern Miller hit it right," he declared, "when it said that the trouble with wheat prices is not too much wheat but too little bread. The world is going more or less hungry, and right here in the United States there are underfed people because 5-cent wheat is making 10-cent loaves. Farmers are feeding cheap wheat to cattle when millions of people can't afford enough high-priced bread. A universal 5-cent loaf would solve the problem of surplus wheat and deficient food. There is no better illustration of the destructiveness of faulty distribution than the loaf of bread. The consumer pays five cents for bread and another nickel for celophane, advertising, wasteful physical distribution, excessive dealers' profits, high wages for low work, etc. Meantime, the producer of the essential part of the bread, the wheat, produces it at a loss. I am a competent critic, for it is notorious that the miller's profit is negligible and that the price of flour follows the price of wheat. Neither am I indicting bakers or merchants—bread is simply an outstanding illustration of the failure of business to solve the distribution problem.

"But it looks to me as if we were putting too much expense into the frame of the merchandising picture, when people cry for bread and we give them non-edible frills."

Democratization of Corporations

The president of a corporation that is wonderfully popular, although its nature fits it for unanimous objurgation, remarked that great corporations, no matter how much their business may be considered private, are really public institutions. "Such a corporation as ours," he mused, "must properly be regarded as an implement of the public—as a substitute, in fact, for direct ownership and operation by the state. Carried to the *n*th degree, you could have a corporation like ours listing the entire personnel of the nation in its ownership and serving it just as truly as a governmental department or bureau, and more efficiently. In fact we have our stock so widely distributed now that our whole administrative and policy attitude is determined by the public rather than that of any group or clique of stockholders. It sounds quixotic but I can tell you that what the common man is thinking and saying about us weighs more heavily with us than the voice of the largest stockholder."

"But does not the extension of great corporations to embrace the entire economic life of the nation, tend to nullify the advantage of political democracy through substitution of a sort of job slavery that makes us industrial subjects even though we are political citizens?" I asked.

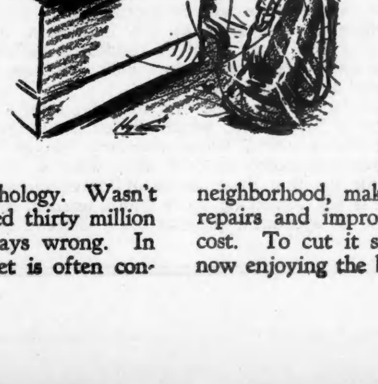
"We do not and, in my opinion, cannot have corporations run by a plebiscite of the employes, but the arbitrary industrial tyrant is fading with the passing of individual ownership of business. The stock exchanges are disseminators of democracy. It is true that several hundred thousand employes may seemingly have little to do with the control of their corporation, but don't forget that those individuals have votes that may determine governmental policy, and in the last analysis there is nothing that government can not dominate. I firmly believe that there is an increasing number of executives of great corporations who are more and more possessed by the idea that they are public servants—not elected by popular vote, to be sure,

but with much the same responsibilities and obligations as if they were. Further development in that direction will be the American answer to communism. We are working out our own way of industrial democracy."

Was Congress Worth It?

"There is no doubt," said a congressman on his way home, "that Congress is unwelcome when it assembles and Godsped when it adjourns. It has come to be looked upon as a necessary evil at best and an unmitigated nuisance at worst. A tradition has grown up that a session of Congress is a major factor in bad business influences. There is a good deal to justify the tradition, but when you get down to cases, you find that every public act of Congress benefits some business and that most acts have some business motive; also that most failures to act are similarly prompted. Wall Street didn't like the soldiers' bonus law but millions of citizens thought it was a grand thing for business. Comfortable citizens found fault with our laws for the relief of drought sufferers, but millions of others acclaimed them as business salvation. The oleomargarine makers howled when we told them that their imitation butter must be left uncolored but millions of dairymen and country merchants called us blessed and friends of business. Half the business world acclaimed the tariff act and the other half denounced it. The utility people frothed over the Muscle Shoals bill, but were silent as the grave over their reckless contribution to a condition of affairs that made that bill's passage possible. Most of the business men who have so much time to denounce us for what we do and don't do have no time to attend the primaries and committee meetings and conventions back home that usually determine our course before we are elected. We do on the whole what we are elected to do. Most of the fault-finding with Congress comes back to the fault-finders to roost. It is really an arraignment of democracy, or at least of democracy in an age when economics overshadows politics, but fails to go into politics. It is an arraignment of business, which finds time to attend to everything but the fundamental business of politics. And talking about business, look at what a mess business has made of business these last few years! Congress couldn't have done worse with a mandate to wreck the business structure."

The Simple Rule of Success



One of those rare men who has amassed in early middle life a fortune of huge proportions by observing the simple and self-advertising rule of buying securities when everybody wants to sell and selling them when everybody wants to buy, said, as he lit a corona perfecto without offering me one: "This business of money making is mostly a matter of understanding mob psychology. Wasn't it Carlyle who said that England contained thirty million people, mostly fools? The crowd is always wrong. In consequence, the trend of the stock market is often contrary to the facts. You would think that the five and six million share days on the New York Stock Exchange would be in times when stocks were yielding anywhere from six to 20 per cent on the investment, and that the days when the floor would be as lonely as a business man's club at night would be in those periods when the return sinks as low as 2 per cent. Actually, people rush to buy when stocks are obviously overpriced and fly from the market as from a pest when they are underpriced. The greater the bargains the less the buying. Another foolish thing — people do their margin speculating when the price curves look like steeples and buy outright when they are as flat as the Hackensack meadows. When the risks are big they devour them; when they are small they refuse them. Very few escape the mob mind. The mass suckers when a boom goes wild are about as numerous proportionately among the high-brows of finance as among the amateurs of speculation. When the wise guys join the mob look out! That was a sure sign of catastrophe in 1929. Look at the almost unanimous list of 'authorities' who were smugly predicting the indefinite continuation of the boom when it was already cracking."

Pot of Gold in the Shop

"I noticed the other day," said a broker, "that a trucking contractor who used to spend considerable time wearing out his trousers' seat and the varnish on our board room chairs, was found driving a taxicab. He tarried too long, but he is doubtless doing his best to achieve a comeback. We miss a lot of people who used to be good customers. They are too busy making a living to have either time or money for us. They have shaken off the get-rich-quick complex. That's bad for us, but it must be good for business. Although I say it, who from a selfish point of view ought not to say it, the speculative boom must have been a terrible drain on business management. It was bad enough for the direction of some of our biggest corporations to have most of their executives hovering over the ticker, telephone in hand; but the little business, dependent upon one man and he immersed in speculation, must have gone to pot. Cleaned of their profits, thousands of small business men went back to work with desperate energy and grim determination. Some of them have discovered that the pot of gold was right there in their shops all the time. I know several such who did a better business in 1930 than they did in 1929. Most small business men are small because of their limitations. They have one-track minds and limited talent. To succeed they must give all of their mind and the whole of their talent to their business.

"One man had a sleepy little lumber business in a suburb and used to wait for contractors to amble in and make their own prices. Prodded by his debts, he made an alliance with a versatile carpenter-contractor and then canvassed his neighborhood, making practical suggestions for residential repairs and improvements and giving an estimate of the cost. To cut it short, my "retired" customer says he is now enjoying the best business he has ever had."

Building Revival Calls for Financial Engineering

New Type of Credit Structure Required to Meet Demands of America's Pivotal Industry

By Herbert U. Nelson

Secretary, National Association of Real Estate Boards

FORCES and influences affecting the immediate and long-term outlook for real estate activity and building revival may be grouped on the two sides of the balance and weighed as something like this:

Compelling Activity: Prospect of advance in general business.—Present low building costs.—Advance in organization of the real estate and building business; consequent advances in financing methods and manufacturing methods and cutting of consumer's costs.—Advancing standards of living: Desire for more modern, more efficient and more beautiful business quarters; desire for more modern and more efficient homes.—Normal population increase.—Normal depreciation and obsolescence of properties, and hence normal replacement need.—Continuing flow of population from non-urban to urban regions.—The pressure of urban population toward the suburbs.

Retarding Activity: Enforced reduction of living standards, or fear-induced abnormal suppression of expenditures and satisfactions.—Difficulty of procuring long term credit.—High and inequitable tax costs.—Fear of overbuilding.

Any bridge we are building to a new activity must have sound girders, if the investment public is to be induced to set its now wary feet upon it. The events of the past year and a half have made Main Street as conscious of the need of investment safeguards as it was, only a short time before, of stock market quotations. It is the public mood to deprecate overbuilding quite as uncritically as it is the public mood under exhilarating conditions to overlook the relation of supply to demand.

This is not without constructive effect. It has meant a completely revised conception of selling methods. Site advantage must be weighed and measured analytically. We have learned to spell efficient management in large letters in relation to income-producing property. In mortgages the times have sculptured the need for examination of security in respect to future usefulness and demand. Unsound appraisal methods have been laid bare, as, for example, the large margin for error or for downright misrepresentation in "summation" appraisals, where land is valued separately from the building and the two amounts added to give the total estimated value. We are disabusing ourselves of the idea that the purchase of vacant residential lots, except for actual future use, is anything but a speculative venture. We are coming to dissociate home buying and home ownership from the speculative investment field, and to base it where it belongs, on the satisfactions which it brings for living, rather than on the "cheaper to own than to rent" consideration or on the speculative probability that values will appreciate.

The Construction Prospect in Figures

By Thomas S. Holden

Vice-President in Charge of Statistics and Research, F. W. Dodge Corp.

At the beginning of the year the F. W. Dodge Corp. made an estimate of the total building and engineering work in the United States, for 1931, including low-cost new and alteration projects not recorded in construction contract awards, of $5,806,000,000—just a little under the total for 1930. Nothing has developed as the end of the first quarter approaches to show either that this estimate will be approximately realized or that it should be revised.

Estimating the remaining eight days of the quarter, as this is written, the record of contracts awarded in 37 eastern states shows non-residential 41.5 less than in 1930, residential building 3.5 per cent and public works and utilities 13.5 per cent behind; with the total 25 per cent below 1930. If there is to be a real, even though moderate spring revival, it has been deferred until the second quarter.

Residential building is the critical factor, being the first to revive after a depression. It shows signs of improvement; an upturn in apartment building in New York, which started last August has continued, with the exception of a single month, and apartment building contracts in 37 states were large enough in February to give the entire residential class a slight lead in last February over that month of 1930, that was the first corresponding-month increase since August, 1928. Residential contracts for the first three weeks of March ran at about the same rate as a year ago.

The preponderance of evidence is for something more than a seasonal revival in residential building in the second quarter, including not only an increase in apartment projects but a measure of revival of small house building.

Above all, the dull times have laid bare two fundamental causes of present difficulties in the real estate field, both of them long existing, but ignored in a day when values were appreciating rapidly. Now in sober times we recognize that inefficiencies in distribution, forcing of the market, development of properties in advance of economic demand, the waste entailed by much of present methods and processes, are all of them rooted in the two fundamental causes: (1) The high and inequitable tax incidence on real estate, and (2) the high cost of financing under the present poor and ill-adjusted structure for long term credits.

Our obsolete and inequitable taxation method tends to force development of real estate beyond immediate need. While our population was growing at the rate of 25% or 30% a decade, and increment in values came to be expected, naively, of all urban real estate holdings, wherever they were placed, the growing disproportionate tax charge on real estate could be absorbed. But we have come to a situation in which vacant property has to double in capital value every fifteen years if it is going to pay any returns for carrying. As long as we have that we will have overdevelopment, followed by stagnation. Owners are constantly in a position of attempting to keep their heads above water in regard to carrying charges. The moment there comes an opening for the use of property people rush in to recoup themselves for their expenditure.

Our tax situation is the reason for alternate feast and famine in real estate. To cure this we need lower taxes on real property and we probably need differentiation between vacant and residential property on the one hand and property returning a revenue on the other. As far as income producing property is concerned we have need of a tax system that will adjust tax according to revenue.

Courtesy, City Housing Corp.

One of the New Type of Towns Designed to Meet the Requirements of the Modern Age

Long Term Credit Not for Commercial Banking

For the past five months there has existed a situation in regard to real estate loans that reveals clearly the inadequacy of the country's long term credit structure. The President put the entire propaganda force of the government back of a call for home building and wider home ownership. At the same time a considerable drop in building costs opened an unusual opportunity. Commercial interest rates went down. Idle funds accumulated by the millions of dollars in the banking reservoirs. The business world stands ready to applaud any sign of renewed sound activity. Leading bankers uniformly protest that their institutions stand back of the movement to stimulate construction, if well conceived, as a field for sound long term investment and the best present opening for renewed prosperity, and yet, when it comes to the actual loan—well, "try and get it." All this does not mean hypocrisy. It means a great gap in our existing financial structure. Long term credit, in this country, is closely tied up with commercial banking. Savings banks and building and loan associations, with no way open to them of refunding their loans, are in a position of delimited usefulness. When they have once loaned out their available funds they are through. When hard times come, and the commercial outlook is uncertain, commercial banks hesitate to tie up their funds in further mortgages.

The application of commercial banking principles to real estate financing followed to a considerable degree up to the present time, makes frequent refinancing necessary. The man who negotiates a three-year or five-year mortgage on a house he is buying knows that it is probably going to be impossible for him to complete payment in that time according to contract. He must depend on refinancing. Outside of the added cost entailed, the necessity of finding a new taker, midstream, is itself a hazardous element in such a venture. Most home buyers who have had to transfer their mortgages in the present business situation are finding it impossible to obtain money on the basis on which they originally undertook payment. A good many, under present pressure, are losing their equities.

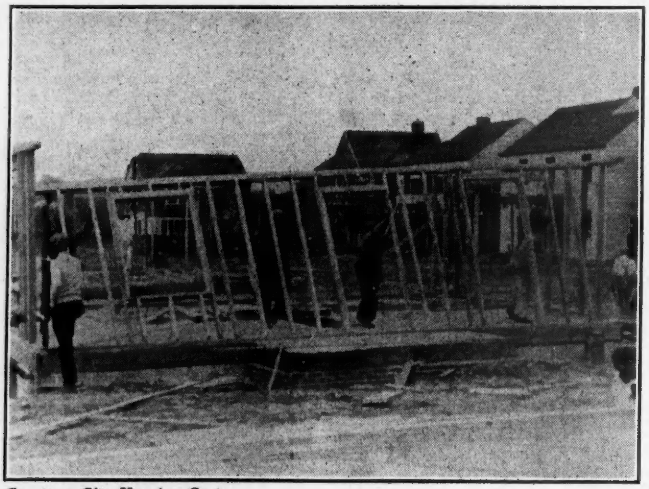
There should be a distinction between the handling of long term credit and commercial banking. They are functionally different. Their risks differ. We need a long-term credit system so that the entire transaction involved in buying a home could be financed over an eighteen- to twenty-year period. And to serve best our national economic welfare, this long-term credit system should look to complete ownership, not to a mere 50 per cent equity with a load of fixed charges for the home buyer to carry as long as he lives, which is what home ownership, at present, in actual practice, means.

Opportunity for Constructive Financiers

Such a system can be attained. To get it we need to mobilize the savings and credits available for long term investment. An institution could and should be developed by building and loan associations and mortgage companies which would issue its bonds and obligations against their mortgages, thus releasing capital for further loans. Such impounding of national assets, giving them maximum availability with minimum disarrangement from short-term credit fluctuations, would

help both building and loan institutions and banks. Its scope is indicated by the fact that the most recent estimate of first mortgages outstanding on urban real estate totals over 25 billion dollars. Private building construction in the abnormally low year just past totaled according to the Dodge Corp. figures $3,293,500,000, of which residential construction—at a time when it looked to be standing still (it was off 42 per cent from the preceding low year) —totaled $1,240,000,000, commercial building (off 32 per cent from the 1929 total) totaled $710,800,000, and miscellaneous low-cost structures and remodeling (including homes under the $5,000 mark) totaled $829,000,000. In the past year new real estate money in first mortgage real estate bonds, notes and stock transfers alone are recorded as totaling 192½ million dollars.

[Nothing is more contributive to a full flood of general business activity than active construction. The money that goes into buildings and engineering works is very largely for direct wages, and the rest goes for the most part into the purchase of materials and equipment which are drawn ultimately from thousands of sources, all giving employment to productive and service labor and invested capital. It can be said without qualification that if an estimate recently published in the Department of Commerce "Commerce Reports" that of the eleven billions of world building and construction projects in 1931, around eight billions will be undertaken in the United States, should be justified by the event, the end of the year would find this country fully restored to prosperity. The railroads and the basic industries would be animated and the great contracting companies would pulse with new life. The consequences on securities, directly as well as indirectly benefited, would be most stimulating. Even last year building and construction projects, by the most conservative estimate, approximated six billion dollars and were of inestimable value in keeping the depression from being catastrophic.—EDITOR.]



Courtesy, City Housing Corp.

In weighing the factors compelling or retarding real estate activity, either for the months immediately ahead or for the changed economic era to which we are adjusting ourselves, these are some pertinent considerations.

Reduced Material Costs

Building material prices are reported as reduced from 15 to 60 per cent as compared with 1923 costs. Residential building costs are said to be lower by 25 to 35 per cent. As computed by the Bureau of Labor Statistics, building materials showed a wholesale price index of 84.4 at the end of 1930, as against 96.2 at the end of 1929, and have been considerably the lowest shown since 1926 when the index began to be compiled. None of the figures given, even by the best informed authorities, are necessarily a correct reflection of costs in any given community. However, in almost any city the man who is ready to build can do so at a lower cost than he has been able to for the last seven or eight years.

The most hopeful present feature of the real estate and construction industry is the intelligent search for new processes. New devices, new materials, new cutting of corners, better technic approaches to mass production, are constantly coming up, especially in residence building. There may be mentioned Grosvenor Atterbury's experiments, which found that a factory-made section of wall, put in place, cost $45, including overhead charges as compared with a cost of over $85 for a brick or terra cotta section of the same size, and Robert Tappen's steel frame houses which can be erected in a period of three days. Some of the experiments have been dissapointing. Some are going to be successful.

As various authorities have pointed out, the process of home building has for twenty years been moving from the site, back to the factory. It has been going on piecemeal. We hardly realize how far the action has already taken place. Scores of things about a house are delivered factory-made and assembled—cabinet work, trim, doors, windows. This process is now being accelerated, and will continue to be accelerated. We can look forward to a dwelling assembled in 30 days, instead of three or four months. This is probably the heralded "factory-made house," and not the house put on trucks and delivered, although this also may have its use. With more rapid handling we may hope for a drastic reduction in high building costs.

More efficient use of land for residential regions is furthered by modern platting, with blocks 1,000 feet or more long, notably cutting utilities cost. The Regional Plan of New York in a pamphlet just published scoring our use of the building methods of Pharaoh's time sponsors the statement that with proper street planning, standardization, and 1931 construction efficiencies the cost of housing can be reduced 50 per cent. It must be remembered that the shell of the ordinary house represents only about 50 per cent of the total cost of the completed residence. The land represents some 10 per cent, municipal improvements as sewers, water, gas, streets and pavements, 25 per cent, and cost of financing 15 per cent.

"Vertical" Organization

Another factor, more than embryonic, for a coming advance in the real estate industry is the tendency toward new forms of business organization, to make possible the delivery through one transaction of a complete job completely financed. The best thought of the business inclines to integration of the now distressingly separate services of the architect, the realtor, the producer of materials, the contractor and sub-contractors, the utility supply companies, and the financing companies, in such a way as to concentrate responsibility for the finished product. It ought to be as simple to build a house as to buy an automobile.

The coming of the mail order house into the field has accentuated this movement toward "vertical" organizations

(Please turn to page 782)

Is Business Gaining More Than Seasonally?

¶ Some Improvement Is Normal to the Spring Season, But More Than Usual Progress Is Necessary to Definitely Place Business in the Convalescent Stage

By Henry Richmond

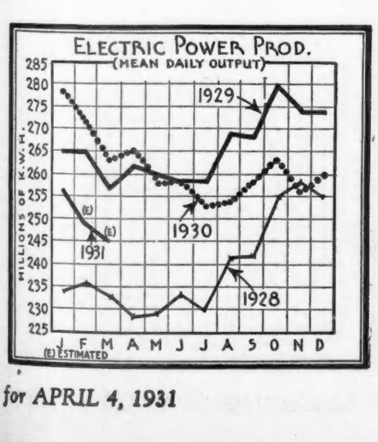
BUSINESS is showing improvement. But how much? There lies the question, for some acceleration is normal during the early months of the year, even in depression. The critical point is whether or not the gain is more than seasonal. If it is, there is definite assurance that the convalescent phase of the business slump is under way. If it is not, then comfort must be taken from the thought that ground is not being lost as rapidly as it might be.

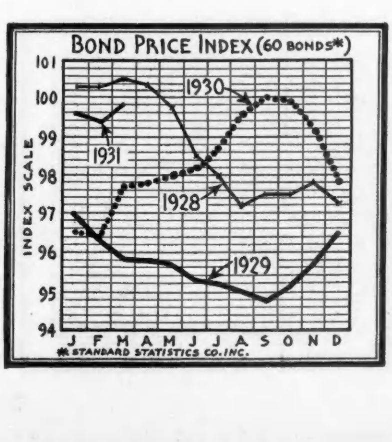
This Spring, moreover, is of more than ordinary importance for it is really the first Spring since the full gravity of the depression, which began in the middle of 1929, has been recognized. A year ago the country dwelt in a "fools' paradise." The decline in business was attributed to the severity of the stock market break which had taken place a few months previously and a successful outcome to the precarious operation of lifting oneself by the boot-straps was confidently expected. Later months provided the disillusionment which today is an element of strength, for when sentiment does change for the better under these conditions as it now undoubtedly has, the better feeling is almost sure to be soundly based. Moreover, caution, the aftermath of all crashes, be they automobile or business, will operate to keep over-enthusiasm in check for some time.

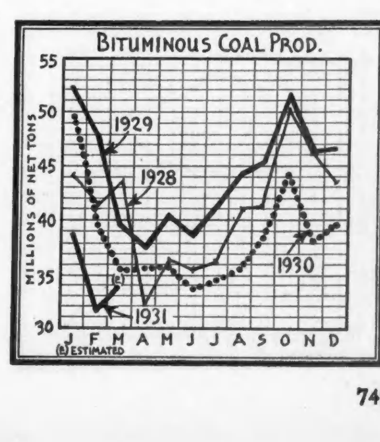
Technical Improvement

That much of the country's business is now stronger technically than in many months is clearly evident. There has been tremendous liquidation in both manufactured goods and securities; many of the weak sisters in both business and banking have been weeded out; and people are forsaking speculation and returning to work as a remedy for their troubles. These are all factors of the utmost importance in any appraisal of nation-wide business conditions despite the fact that they remain statistically unproven. Confirming this underlying betterment there have been visible gains in various industries. Steel operations, for example, have shown a persistent increase, although it must be admitted that the most recent evidence indicates a tendency to "level out." There are signs of an upturn in residential construction, while the textile industry which had been almost chronically depressed since the World War is currently enjoying quite a little boom all its own, although the level from which the improvement started was undoubtedly a low one. Electric power output, an important indicator of general business conditions is also running less and less behind that of last year.

Although it may be contended that much of this improvement is seasonal only and that there still exist many dark spots of which probably agriculture, the railroads foreign trade and employment are the most important, it should be remembered that when the sun first commences to shine through the clouds of depression there is no burst of illumination. The rays strike a hilltop here and a field there, gradually spreading until the whole countryside feels the effects. Similarly when the thunderclouds first begin to roll up their effects are first seen in dark isolated patches which grow in size until everything is immersed in gloom. This is to say that while in the midst of a depression the first few bright spots possess a barometric value very much greater than their own importance and are entitled to be heavily weighted in any consideration of the future out-







look. When general business is at a low ebb, it is improvement that counts, the cause, be it in the season or elsewhere, need only be kept in mind as a check to over-enthusiasm for it plays a minor role.

Steel Veers Toward Betterment

At the present time, steel, one of the most basic industries sheds a faint ray of encouragement through the gloom of depression. True the gains have been made from an exceedingly low level and have been almost tediously slow; but on the other hand, they have been remarkably steady. Steel ingot production from less than 40 per cent of theoretical capacity at the end of last year has gradually increased until the current rate is probably only slightly under 60 per cent of theoretical capacity. The average daily rate during February was about 14 per cent higher than the January average, while the normal increase is only about 4 per cent. Similarly the average daily production of pig iron during February gained 10 per cent over the previous month, the average increase over a number of years being no more than 4 per cent. For this reason it is said that the steel industry is registering more than seasonal gains. It must not be forgotten, however, that both steel and iron production for last month were lower than for any February since 1922, while the production of steel ingots during the first two months of the present year was 36 per cent lower that the corresponding period of 1930. The most favorable phase of steel situation, therefore, is not in the progress already recorded but rather in the prospect that activity will be prolonged and gradually upward during the present year. This would be the natural result of the caution now being exercised by buyers and the consequent tendency to delay purchasing as long as possible. Also it is thought that the peak of automobile production is likely to occur during May instead of toward the end of April as is the case usually. Steel prices, in which there has probably been as much public interest as in production figures, are still somewhat precariously situated despite the recent increase in quotations, although a sustained demand would entirely eliminate all anxiety on this score.

Motors Gain Slowly

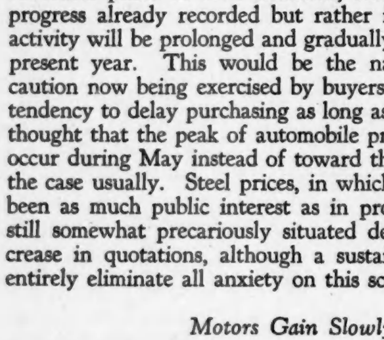
Most of the gain in steel production is attributable to increased activity on the part of automobile manufacturers, the upturn in the building industry and a steady demand for pipe. The railroads are buying as little as possible, which in view of their tremendous maintenance expenses during the Spring of last year when they rallied to President Hoover's business stabilization plan, is very little indeed. Since January automobile production schedules in the United States and Canada have been gradually stepped up from about 168,000 units for this month to 230,000 units in February and it is expected that the final results for March will show a production of around 285,000 units. For April an output of 350,000 units would be entirely in line with present expectations. This would bring output for the first four months to around 1.1 million units which compares with 1,538,000 for the corresponding period of last year, a decline of nearly 30 per cent. This showing is undoubtedly poor but it must be remembered that last year under the artificial stimulus of business stabilization schemes production rose to heights fundamentally unwarranted.

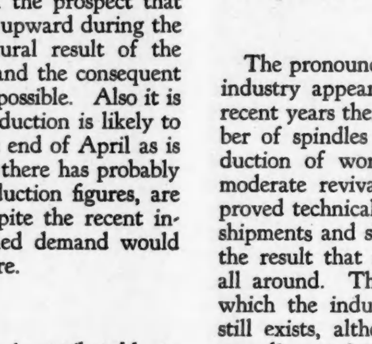
In the building industry, reports present an interesting contrast. Commercial construction of course is at an exceedingly low ebb, while public works and utility building are active and promise to equal the high totals of last year. Residential construction, which until last February had revealed a downward trend for more than two years now gives promise of forging ahead. Despite the fact that this division is still running behind the corresponding period of last year, it is believed that 1931 will ultimately prove to have been a period of greater activity. Total construction will probably point upward in the second quarter benefiting not only the companies associated with building but also exerting a favorable effect on general business. It is important to note the modern trend in building whereby copper, brass and other metals are being increasingly used in place of steel and stonework. The "Radio City" project in New York which is estimated to cost around $250,000,000 is not unlikely to confirm this trend and aluminum has been mentioned as having been scheduled for an important part.

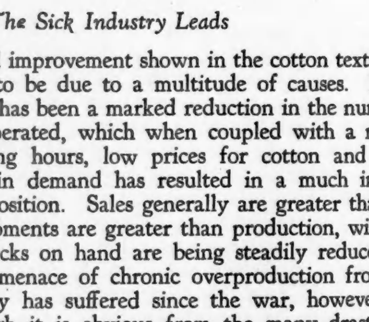
The Sick Industry Leads

The pronounced improvement shown in the cotton textile industry appears to be due to a multitude of causes. In recent years there has been a marked reduction in the number of spindles operated, which when coupled with a reduction of working hours, low prices for cotton and a moderate revival in demand has resulted in a much improved technical position. Sales generally are greater than shipments and shipments are greater than production, with the result that stocks on hand are being steadily reduced all around. The menace of chronic overproduction from which the industry has suffered since the war, however, still exists, although it is obvious from the many drastic remedies put into effect that the danger is recognized, a very favorable factor in itself. If no consideration be given to the extremely low base from which the textile industry commenced its upward trend this is one of the few cases where it may be definitely said that an honest, more than seasonal gain is being made.

Among the many factors which go to make up the outlook for general business perhaps the one causing most anxiety is the plight of the railroads. During 1930 the railroads of the country earned only 3.36 per cent on their property investment as against 4.95 per cent for the pre-







vious year. This was bad enough but worse followed for in January they earned at the rate of only 2.28 per cent on their investment, while for February the few roads on which reports are available show a decline in net operating income varying between 40 per cent and 65 per cent compared with the corresponding period of last year. To bring the record even further to date, it may be said that car loadings for every single week up to, and including the week ended March 14 have shown a decline in comparison with the corresponding week of last year, all of which in turn have shown declines in comparison with the corresponding week of 1929. Loadings, however, for the last two weeks registered a small increase over the previous week—pitifully small betterment from which little comfort can be derived. Because the railroads are not only immensely important as taxpayers, employers and consumers but provide an indispensable service to the country at large, it is obvious that their prosperity is a more than ordinarily important factor in our general prosperity and for this reason it should be assured by every legislative means possible—something which has not yet been done.

Commodity Stability Needed

Commodity prices are also causing some apprehension but except in the case of certain farm products the alarm is probably less now than in some time. There are even isolated cases where large consumers have expressed a willingness to buy ahead, clearly indicating that the fear of lower prices is by no means universal. For example, General Motors recently placed orders for such commodities as cotton, rubber, copper and tin, thereby filling its requirements until next October. Similarly, shortly after the beginning of the year American Radiator acted in a like manner by placing an order for 50,000 tons of pig iron. The situation surrounding certain farm products, however, still verges on the chaotic. The Federal Farm Board's formal announcement that it did not propose to extend its stabilization purchases of either wheat or cotton into the new crop, resulted in drastic price recessions for these two commodities. It is estimated that the government's loss in this noble experiment, which incidentally was class legislation of the rankest degree, will possibly exceed $200,000,000, all of which must be made up by the long suffering taxpayer. That these stabilization purchases constituted an uneconomic and enormously costly futility is admitted by its managers in the statement "cannot follow a regular policy of buying at prices above the market, paying heavy storage and selling below cost" and that even if this were done "it would not in the long run be in the farmers' own interest."

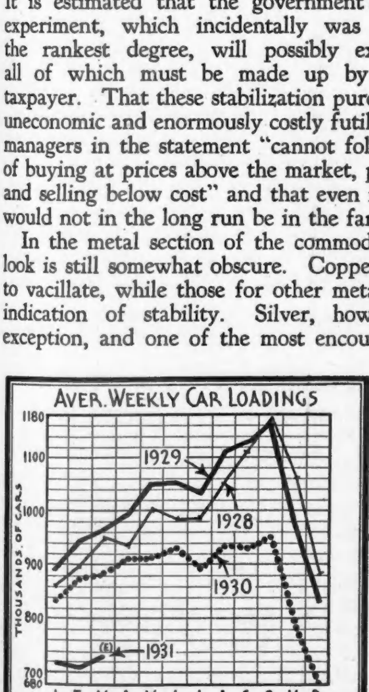
In the metal section of the commodity market, the outlook is still somewhat obscure. Copper prices have tended to vacillate, while those for other metals have shown little indication of stability. Silver, however, has been an exception, and one of the most encouraging developments of recent weeks has been the recovery in the price of this metal. It is currently quoted about 30 cents an ounce against the low record made on February 10 of 25¾ cents. The improvement is attributed to the agreement reached between Gandhi and the British Government together with a steady decrease in production induced by the low price. Incidentally the prospect for tranquility in India is by no means the least of the recent favorable developments in foreign fields, which have undoubtedly contributed to the general improvement in our own business sentiment.

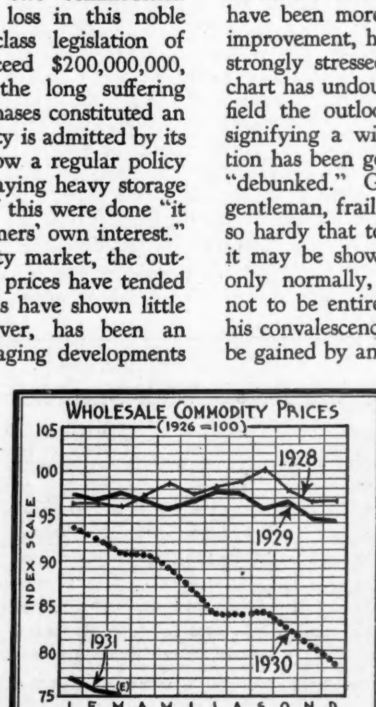
Mixed Trends

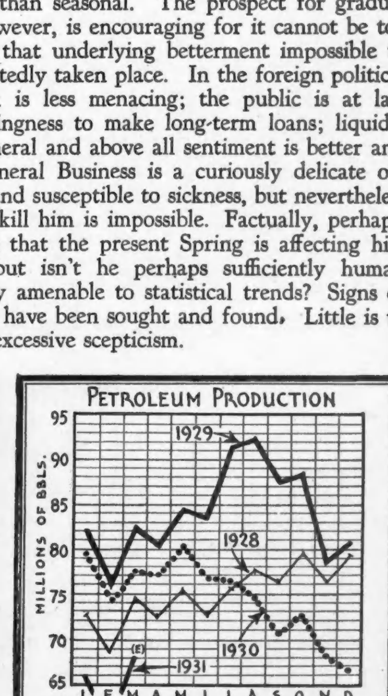
The production of bituminous coal, which although still an important indicator of general conditions probably carries less weight than was the case in the past, registered a decline of nearly 20 per cent in February of the present year in comparison with the previous month while the usual decline is something over half this. The poor showing is accentuated by the fact that output during February was over 20 per cent under that of the corresponding month of last year. Reports from the machine tool trade are also disappointing. Shipments during February registered a decline in comparison with the previous month whereas a considerable increase is usual.

The trend in retail trade is mixed. Department stores and "5-and-10" chains have probably made a slight net gain in recent weeks when seasonal influences are taken into consideration but sales by mail order houses have certainly registered a net loss, reflecting of course the deplorable agricultural situation. From the oil industry reports are not reassuring. Overproduction, cutthroat competition and legal complications to any constructive co-operative development have all tended to cast a pall over the immediate outlook. We are entering, however, the period of greatest consumption and, knowing that every effort is now being made to solve the many problems, the present is certainly not the time to forsake all hope.

Summing up the various phases of business there is little actual evidence at the close of the first quarter that gains have been more than seasonal. The prospect for gradual improvement, however, is encouraging for it cannot be too strongly stressed that underlying betterment impossible to chart has undoubtedly taken place. In the foreign political field the outlook is less menacing; the public is at last signifying a willingness to make long-term loans; liquidation has been general and above all sentiment is better and "debunked." General Business is a curiously delicate old gentleman, frail and susceptible to sickness, but nevertheless so hardy that to kill him is impossible. Factually, perhaps, it may be shown that the present Spring is affecting him only normally, but isn't he perhaps sufficiently human not to be entirely amenable to statistical trends? Signs of his convalescence have been sought and found. Little is to be gained by an excessive scepticism.







Five Medium Grade Utility Bonds With Attractive Possibilities

Current Low Prices of Medium Grade Issues Offer Attractive Profit Opportunities

By RONALD P. HARTWELL

DURING the past year or more the bond market has rather obviously ignored any but the highest grade bonds. Because of this, many sound medium grade issues of corporations in strong financial and earnings position have dropped to levels which not only permit attractive income returns to the present purchaser but which should in many cases show handsome appreciation when conditions in the bond market are again normal. The present condition in the bond market explains in part the anomaly of the depressed prices of this class of bonds, but other factors also enter such as lack of seasoning, temporary poor distribution, or frequently neglect of the investing public to appreciate the true status of the bond.

Among the various groups the public utility industry presents some attractive situations in medium grade bonds which commend themselves particularly because of the remarkable earnings stability shown by the industry in periods of depression as well as during periods of prosperity. Of the five issues described here, for instance, four showed interest requirements covered by a higher margin or essentially the same margin in 1930, a year of depressed business conditions, as in 1929 a year of prosperity. Regarding the fifth issue, while interest requirements were earned by a somewhat lower margin, the latter even in 1930 was sufficiently large to be considered safe by ordinary standards of measuring this factor.

All five of the issues are debenture bonds with no specific security in back of them, but all are the obligations of large utility systems of wide geographical diversification of properties and demonstrated stability of earning power. Aside from the appreciation through higher prices which will very likely come about as conditions in the bond market again approach normal, four of the issues have additional profit possibilities either through a conversion feature or through warrants for the purchase of equity stocks at specified prices. While these features are not of any immediate value at the present time because of the depressed prices of the equity securities, nevertheless the conversion privilege or the warrants are long term options on the equity stock and during the course of the next "bull" market may show large profits to the holders.

The International Telephone & Telegraph Corp. Conv. Debenture 4½s due January 1, 1939, are the obligation of the largest American organization in the communications field operating in foreign countries. The program of extensive expansion which the company has followed in recent years has necessitated large scale financing which has taken the form of both bond and stock financing. Three different bond issues are outstanding but only the 4½s of 1939 have the conversion privilege. At recent price levels the bond returns the purchaser a yield of 5.60% to maturity. The bond is currently convertible into common stock at 63.9 until July 1, 1932, at 67 through July 1, 1935, and at 70¼ a share until maturity. Conversion prices are subject to change in event of dilution through additional issue of common stock. Of the original offering of $56,911,400 a large portion has already been converted. The common stock is currently selling for about 37, but as the system recovers its earning power and again makes

Five Attractive Utility Bonds With Speculative Possibilities

	International Tel. & Tel. Conv. Deb. 4½s, 1939	International Hydro-Electric Conv. Deb. 6s, 1944	Cities Service Power & Light Deb. 5½s, 1952	Utilities Power & Lt. Deb. 5s, 1959 (w. w.)	Associated Gas & Elec. Conv. Deb. 4½s, 1949
Recent Price	94	91	83	74	70
Yield to Maturity	5.60%	7.04%	7.05%	7.15%	7.52%
Current Yield	4.78%	6.60%	6.63%	6.77%	6.42%
Interest Earned 1930	2.15	1.20 (2)	1.55 (1)	1.61	1.60
Interest Earned 1929	2.34	1.24 (3)	1.53 (1)	1.45	1.68
Current Call Price	102½	105	1.05	105	103
Gross Revenues	$104,818,954	$46,676,549 (2)	$49,745,848 (1)	$52,138,413 (2)	$110,884,880
Net after Expenses and Taxes	25,703,910	23,961,201 (2)	21,391,657 (1)	19,378,785 (2)	47,016,761

(1) Year ended June 30. (2) Twelve months ended Sept. 30. (3) Nine months ended Dec. 31.

progress, the stock will no doubt move into higher ground and carry with it this particular issue of bonds.

The International Hydro-Electric System Convertible Debenture 6s, due April 1, 1924, are the obligation of one of the large utility systems with properties, chiefly hydro-electric, in New England and in eastern Canada. In New England, its power system is the largest of any, and it supplies directly or at wholesale a population of more than 2,500,000 located in over 250 communities in five states. The properties in Canada have undergone rapid development and their earning power is growing rapidly. Large gains in income are expected over the next few years based on long term contracts entered into with other companies. The bonds selling at 91 return a yield of 7.04% to maturity but in addition are convertible into 19 shares of the class "A" stock for each $1,000 bond until April 1, 1939. The stock is currently selling for 29, but being an equity stock has excellent possibilities for appreciation as the earning power of the system becomes more fully developed.

Cities Service Power & Light Debenture 5½s, due November 1, 1952, the obligation of the public utility subsidiary of the Cities Service Co. Electric and gas services are the chief ones rendered and produce over 90% of the total gross revenues. The company serves approximately 2,600,000 people in a widespread geographical territory with a large degree of industrial and agricultural diversification. The earnings have shown a steady growth so that the margin of safety in back of these debentures has constantly increased. The bonds are redeemable at 105 through November 1, 1932, less 1% during each successive five-year period thereafter through November 1, 1947, at 101 thereafter through November 1, 1950 and at 100 thereafter. Currently selling at 83, the bond returns a yield of 7.05% to maturity.

Utilities Power & Light Corp. Debenture 5s, due February 1, 1959, with warrants attached, return a yield of 7.15% at the current price of 74. The system is international in scope although the major part of the properties are in the United States. The domestic properties serve some 830 communities in 18 states with population of approximately 2,815,000. Electric and gas service provide about 95% of the total gross revenues. In 1929 the company acquired extensive electric properties in Great Britain and these now account for about one-quarter of the gross revenues. The warrants attached to the bonds are exercisable to February 2, 1934, and give the holder

(*Please turn to page 792*)

Bond Buyers' Guide

NOTE.—The following list of bonds has been arranged solely on the basis of current yields to maturity. The position of any issue is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list. The Guide is subject to revision as more favorable issues appear and those no longer suitable, in our opinion, for new purchases, are dropped. Any queries concerning such changes should be directed to our Personal Service Department.

Railroads

	Prior Liens (Millions)	Interest Times Earned*	Call Price	Recent Price	Current Income	Yield to Maturity
Atchison, Top. & S. F. Conv. 4s, 1955..	273.3	3.77	110	95	4.2	4.3
New York Central Deb. 6s, 1935........	630.2	1.54	110	107	5.6	4.3
Rock Island-Frisco Terminal 1st 4½s, 1957 ....(d)	....	X	102½T	98	4.6	4.6
Great Northern Gen. A 7s, 1936.....(b)	139.8	1.98	....	111	6.3	4.7
Pennsylvania 5s, 1964..................	....	1.81	102T	105	4.8	4.7
Central Pacific Guar. 5s, 1960.......(a)	....	1.91	105 ('35)T	105	4.8	4.8
Illinois Central 4¾s, 1966..............	....	1.50	102½ ('36)T	94	5.1	5.1
Chic. & W. Indiana 1st Ref. 5½s, 1962..	49.9	X	105	106	5.2	5.1
N. Y., Chic. & St. L. Ref. 5½s, 1974.(a)	58.8	1.60	105	105	5.2	5.1
Southern Railway Dev. & Gen. 6s, 1956.	133.8	1.51	....	112	5.4	5.2
Nor'n Pacific Ref. & Impr. 6s, 2047.(a)	165.6	2.12	110 ('36)	113	5.3	5.3
Missouri Pacific 1st & Ref. 5s, 1977.(a)	94.6	1.35	105A	93	5.4	5.4
Carolina, Clinchfield & Ohio 1st & Cons. 6s, 1952 ....(b)	14.2	X	107½T	107	5.6	5.4
Balt. & Ohio Ref. & Gen. 6s, 1995....(a)	285.3	1.64	107½A ('34)	110	5.5	5.5
Wabash Ref. & Gen. 5½s, 1975.....(a)	61.6	1.52	105A ('35)	98	5.6	5.6
Central of Georgia Ref. 5½s, 1959......	30.9	1.39	105A ('34)	93	5.9	6.0

Public Utilities

	Prior Liens (Millions)	Interest Times Earned*	Call Price	Recent Price	Current Income	Yield to Maturity
Pacific Gas & Elec. Gen. Ref. 5s, 1942..	29.0	2.67	105T	104	4.8	4.6
Utah Power & Light 1st 5s, 1944.......	....	2.83†	105	103	4.9	4.7
Consol. Gas of N. Y. Deb. 5½s, 1945.(a)	191.1	5.51	106T	106	5.2	4.9
Montana Power Deb. 5s, 1962.......(a)	33.3	3.14†	105T	102	4.9	4.9
Hudson & Manh'n 1st Ref. 5s, 1957..(b)	5.9	1.53	105	101	4.9	4.9
Indiana Natural Gas & Oil Ref. 5s, 1936	....	2.87†	....	100	5.0	5.0
Columbia Gas & Elec. Deb. 5s, 1952....	....	3.27	105T	100	5.0	5.0
Arkansas Power & Lt. 1st & Ref. 5s, 1956 ....(c)	2.0	2.26	105	100	5.0	5.0
Northern Ohio Tr. & Lt. Gen'l & Ref. 6s, 1947, "A" ....(a)	8.4	2.20†	110	106	5.5	5.3
Standard Gas & Elec. 6s, 1935..........	432.2	1.42	103	102	5.9	5.4
New Orleans P. S. 1st & Ref. A 5s, 1952 ....(a)	9.7	1.32†	104	93	5.4	5.6
Amer. W. Wks. & El. Deb. 6s, 1975.(a)	12.7	1.42	110	105	5.7	5.7
United Lt. & Rys. 1st Cons. A 6s, 1952 ....(b)	11.3	1.46	(N)	103	5.8	5.8
Standard Gas & Elec. 6s, 1966......(b)	432.2	1.42	105T	101	5.9	5.9
Cities Service Pr. & Lt. Deb. 5½s, 1952	104.4	1.55	105	83	6.6	7.0

Industrials

	Prior Liens (Millions)	Interest Times Earned*	Call Price	Recent Price	Current Income	Yield to Maturity
Midvale Steel & Ord. Conv. Coll. 5s, 1936 ....(a)	....	4.34	105	103	4.8	4.4
Allis Chalmers Deb. 5s, 1937........(a)	....	5.39	103T	102	4.9	4.6
Gulf Oil Deb. 5s, 1947 ....(c)	....	2.99	104AT	103	4.8	4.7
Youngstown Sh. & Tube 1st 5s, 1978.(a)	....	2.93	105T	101	4.9	4.9
Sinclair Pipe Line 5s, 1942..........(a)	....	6.33†	103	100	5.0	5.0
National Dairy Prod. Deb. 5¼s, '48.(a)	....	7.62	105T	102	5.1	5.1
Purity Bakeries 5s, 1948................	0.6	7.74	103½	97	5.2	5.3
Chile Copper Deb. 5s, 1947..........(a)	....	10.20†	102T	95	5.3	5.4
Amer. Cyanamid Deb. 5s, 1942..........	0.3	10.58†	100	95	5.3	5.6
International Match Deb. 5s, 1947...(a)	....	5.67	109H	93	5.4	5.7

Short Terms

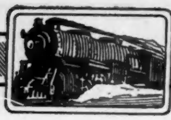
	Prior Liens (Millions)	Interest Times Earned*	Call Price	Recent Price	Current Income	Yield to Maturity
Humble Oil & Ref. Deb. 5½s, '32...(b)	....	13.59†	102½A	102½	5.4	3.8
Smith (A. O.) 1st S. F. 6½s, 1933..(a)	....	23.76	101T	102½	6.3	5.4
Middle West Utilities 5s, 1933..........	881.6	1.33†	101½	98½	5.2	6.1

Convertible Bonds

		Interest Times Earned*	Call Price	Recent Price	Current Income	Yield to Maturity
Atch., Top. & S. F. Deb. 4½s, '48..	Com.@166.6	3.77	102	116	3.9	3.3
N. Y., N. H. & Hart. 6s, '48........	Com.@100	1.92	....	117	5.1	4.6
Baltimore & Ohio Conv. 4½s, '60....	Com.@120(h)	1.64	105	92	4.9	5.0
Chesapeake Corp. Col. Tr. 5s, '47...	C. & O.@106	2.99	100	100	5.0	5.0
Texas Corp. 5s, 1944..................	Com.@70	3.24	102T	99	5.1	5.1
Inter'l Tel. & Tel. Deb. 4½s, '39...	Com.@63.9	2.27	102½	95	4.7	5.2
Chic., Rock Island & Pac. 4½s, 1960	......	1.58	105 ('36)T	85	5.3	5.5
Amer. Inter'l Corp. Deb. 5½s, '49...	Com.@80	1.41	105	94	5.8	6.0
Utilities Pwr. & Lt. 5s, '59, w.w. (L).	......	1.61	105T	76	6.6	6.9
Assoc. Gas & El. Conv. 4½s, '49 (K).	......	1.60	103T	70	6.4	7.6

All bonds are in $1,000 denominations only, except (a) lowest denomination $500, (b) $100. * On total funded debt.

A—Callable as a whole only. T—Callable at gradually lower prices. X—Guaranteed by proprietary companies. (c) Listed on New York Curb. (d) Available over-the-counter. (h) Convertible after February 1, 1931. (K) Convert. into 17½ shares of Class "A" stock. (L) Rights to purchase 7 shs. Class "A," 3½ shs. "B" (v. t. c.), and 3½ shs. Common to 2-2-34 @ $577.50 for the unit. (N) Not callable until 1948. † On basis of 1929 earnings.



NORFOLK & WESTERN

A Rail Stock Which Railroad Presidents Buy

High Earning Power—Well Protected Dividend—Good Yield

By PIERCE H. FULTON

"NORFOLK & WESTERN is the only railroad stock that I own besides that of our own company. I think it is good and will still be paying dividends when many others may have reduced or even omitted theirs."

This statement was made to the writer recently by the president of a large and prosperous railroad system in the West, in the course of a somewhat extended chat relative to the outlook for the railroads and their shares, and the safety of the latter as investment mediums.

Norfolk & Western Ry. Co.

Year	Dollars Earned Per Share	Total Dividends Paid Per Share
1930	$21.96	$12.00
1929	29.06	12.00
1928	21.25	10.00
1927	21.24	10.00
1926	25.71	10,00
1925	18.68	8.00
1924	12.86	8.00
1923	13.73	8.00
1922	10.97	8.00
1921	7.94	7.00

Was the railway executive right? Certainly it would appear so at first glance from the fact that Norfolk & Western made a larger per share return for its common stock last year than any other Class I railroad in the United States. It was $21.97 against the regular dividend of $10 and the extra $2 paid. Even the Atchison, with its remarkable earning power, made no such record as this.

It is interesting and significant indeed that this railway executive, ultra conservative, with careful legal training and active and successful legal practice, before assuming the duties of his present office, should have selected the common stock of a relatively small road and a long distance from his own property, as the only railroad junior issue into which he was willing to put his money, in addition to that of the company whose affairs he so ably directs. Either he must be given credit for unusual astuteness as to his investments, or his selection must be regarded as a rather sad commentary on the position of many larger properties in every section of the United States and upon their financial strength, earning power and actual results.

Everyone has his own ideas about his investments, the same as he has about his clothes. For fear of getting into difficulties by carrying these suggestions further, may we only add that this particular railroad president evidenced faith in his own road by buying and holding its shares, and good judgment, seemingly, in the selection of Norfolk & Western as his only other railroad holding for investment.

Before attempting to sketch the outline of Norfolk & Western it may not be amiss to make the rather startling statement that prominent railway executives often are not large owners of the stock of the company with which they are affiliated. Julius Kruttschnitt, for many years chairman of the board of Southern Pacific, died only a small owner of the stock of that company, although it is regarded as one of the best among all the railroad shares in this country. He took the ground that if he were a large owner, situations might arise in which he could not act impartially with respect to important matters.

But now for the Norfolk & Western. Certainly a road, only about 2,250 miles in length, that, under such conditions as prevailed in 1930, could earn almost $22 a share for its common stock, is entitled to special consideration. The performance of this feat is the more remarkable in view of the fact that more than 84% of its freight traffic consisted of "products of mines." Naturally the extent to which industries were slowed down last year materially affected the demand for bituminous coal.

This large return for the common stock is entitled to special consideration also because some of the large systems, like New York Central, with all its big-earning subsidiaries, did not cover their dividend requirements. That particular system earned only $7.21 for its stock against the $8 dividend that was paid.

The return of practically $21.97 a

share for Norfolk & Western common was provided out of net income, balance after fixed charges, of $31,816,765. Of course, this amount and the return for the junior issue were considerably smaller than for 1929. That was a record year for Norfolk & Western, as it was for most of the railroads of the United States, notwithstanding the big falling off in earnings in the last two months, when the disastrous stock market slump was on. In 1929 Norfolk & Western's net income was equal, after preferred dividend, to $29.06 a share on the common. In view of conditions prevailing last year, as already suggested, the management did remarkably well to report $21.97. It was even a little better than for 1928. Very few roads did anything like as well.

Operating revenues of Norfolk & Western for 1930 were $17,101,294, or 14.54% less than for 1929. Freight revenues alone were off $15,182,680, or 14.01%. As might have been expected, the biggest loss was in bituminous coal. The actual decrease in tonnage was 8,057,924 tons. That commodity represented 78.71% of the total freight movement of Norfolk & Western for the year.

This company does not depend upon its passenger traffic to any great extent for revenue. As a matter of fact, in 1930 it received only $3,869,012 from that source compared with $93,168,819 for the carrying of freight. By reason of the activities of the competing mediums that are now so familiar to every student of railroad earnings, passenger receipts were $1,241,916, or 24.30%, less on the Norfolk & Western last year than the year before. This is a large percentage of decrease. The decline of $676,698 in express and miscellaneous income was due chiefly to the inclusion in 1929 of $534,944 back mail pay.

While these figures are worthy of careful study it is still more important to give attention to the way that Norfolk & Western management met the situation with which it was confronted. It was able to make a reduction of $6,375,522, or 9.65%, in operating expenses compared with 1929. Maintenance of way and structures were reduced $3,006,590, or 20.26%, maintenance of equipment $2,044,712, or 9.81%, and transportation expenses $1,600,266, or 6.18%. That the management plans to maintain the property in good shape is shown by the fact that it will spend $10,000,000 this year for additions, improvements and new equipment. Total assets increased nearly $12,000,000.

In spite of its strong traffic position and earning ability, Norfolk & Western's loadings and earnings in January were considerably below those for the first month of 1930. In fact, loadings showed a decrease of 76,819 cars and gross earnings a loss of $1,906,259. Net operating income dropped $1,174,263 and the net income $1,198,186.

Although operating revenues fell off $2,607,051, compared with 1930, Norfolk & Western made a far better showing for February than did most of the roads. Instead of a deficit after fixed charges, as in not a few cases, and even after operation, as in that of Northern Pacific, it reported a surplus after charges of $1,164,156. While this was a decrease of $1,489,555 from 1930 it was, nevertheless, a highly creditable exhibit under existing conditions. Operating expenses were cut $1,075,574, equipment rentals $117,628, taxes dropped $150,000.

Dividends and Earnings

There is no denying the fact that these figures represent big decreases. If they were to go on at anything like the same rate for some months, not to speak of the year as a whole, certainly final results would be decidedly below those for 1930. But with the rather pronounced improvement that is reported in the steel and automotive industries and the picking up here and there in various other lines, it is scarcely conceivable that Norfolk & Western should not, in the current fiscal year, earn substantially more than the regular $10 a share dividend on the common. Whether the customary extra of $2 a share will be paid obviously will depend on earnings.

At this point it is only fair to observe that, with conditions the way they are, it is not at all just to investors to attempt to estimate, as is being done, anything like an approximate rate that a given railroad will earn for its common stock this year. For instance, a statement was published recently that New Haven should have no difficulty in making about $8.50 a share for its junior issue in 1931, against the $6 dividend that has been paid. Investors should not be misled by such forecasts. No living person is able to make them now with even approximate accuracy.

Another point as to railroad dividends: Without seeming to be in the least alarming, it is only fair to call the attention of small investors to the fact that common shares of railroads on which the dividend has been reduced, should not be regarded as being on an annual basis of four times the reduced rate that has been declared for the first quarter of this year.

Directors of railroads that have taken such action have been particular to indicate in their official announcements that the dividend was only for the current three months. For instance, New York Central, which recently reduced its $8 a year dividend set forth in its official statement that "the board declared a dividend of 1½% for the *present quarter*." E. N. Brown, chairman of the Executive Committee of the Rock Island, which reduced its $7 dividend on the common recently, took special pains to set before the directors that they should declare "a dividend" of $1.25 a share for the first three months of this year. Of course, at the same rate for the whole year, the stock would be regarded as being on a $5 annual basis, while in the case of New York Central it would be a $6 basis. Since the dividend meetings both issues have been spoken of in investment and speculative circles, as being established at those levels for this year. The board of neither company has taken this position and this fact should be thoroughly understood and borne constantly in mind. The reduced dividend rates will be maintained if the state of business and actual earnings justify taking that action. B. & O., however, char-

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Electric Locomotives Haul Coal to Seaboard Over the N. & W.

PACIFIC GAS & ELECTRIC

West Coast Utility Continues to Grow

Dominant Position Strengthened by Large Acquisitions and Huge Natural Gas Development

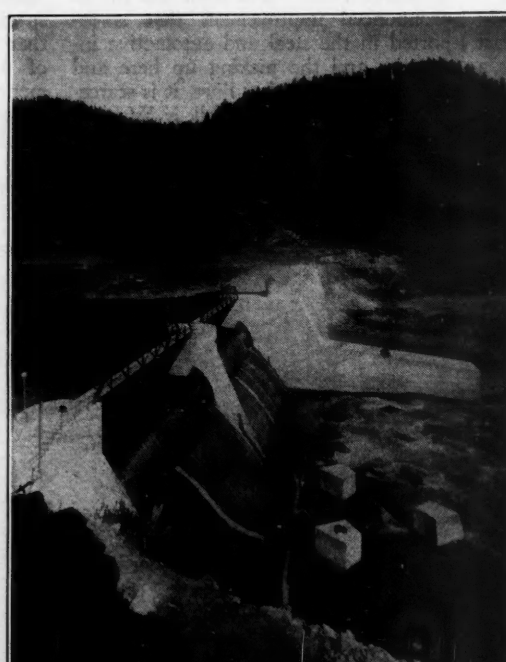
By Francis C. Fullerton

ALMOST four-score years ago when California was emerging from the glamor and romance of the Gold Rush era which attracted fortune seekers from all corners of the world, there was founded an enterprise which was the kernel that developed into the Pacific Gas & Electric system. Incorporated in 1852 as the San Francisco Gas Co. with original capital investment of $150,000, but commencing operations two years later in February, 1854, this small enterprise has grown into a huge public utility system with total assets exceeding $670,000,000 and serving an area in Northern and Central California of about 75,000 square miles, or more than the combined area of eight of the smaller eastern states. It is now the largest power, light and gas company operating on the West Coast of the United States.

Progress has brought with it many benefits for the consumers. In the early days, customers paid $15 per 1,000 cubic feet for gas, but as the business grew, successive voluntary reductions were made. Now, over most of the area served by the system, consumers pay only a small fraction of this rate, and for a product which is much higher in heating value.

The development of gas as a utility service preceded electricity by a considerable period, so that the early history of the system was concerned primarily with its expansion in the gas division. When electricity was developed on a commercial basis in later years, however, its growth soon eclipsed that of gas. Both being public utility services which could best be served to the people through monopolistic control and distribution, the affiliation of the two was but a natural outcome so that in many parts of the country both businesses are now conducted by one organization.

This affiliation was effected by the predecessor of Pacific Gas & Electric Co. in 1896, when as a result of a merger, the San Francisco Gas & Electric Co. came into being. Up until 1905, however, operations were still confined essentially to San Francisco and immediate environs, but in this year through another merger the present Pacific Gas & Electric Co. was formed and operations in gas and electricity were carried to a part of the state outside of San Francisco. Further expansion since that time has been rapid and now the system's properties extend over 45 of the 58 counties in the state, representing 53% of the total area and 48% of the total population.

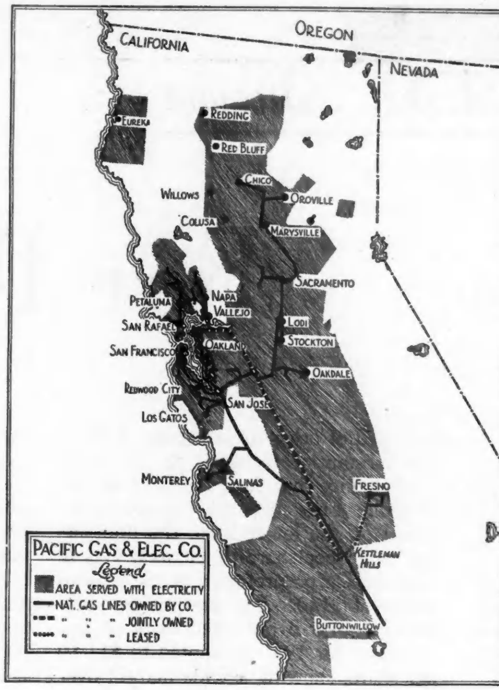


One of Pacific Gas & Electric's Pit River Dams

In attaining its predominant position in the public utility field in California two large acquisitions during the last four years have played an important part. The first of these occurred in 1927 and involved the properties formerly controlled by Standard Gas & Electric Co., namely, Western States Gas & Electric Co., Sierra & San Francisco Power Co., Coast Valleys Gas & Electric Co., and Del Monte Light & Power Co. Practically surrounded by territory served by Pacific Gas & Electric system, the growth and development of these properties were restricted as a unit by themselves, and their acquisition by Pacific Gas & Electric was only logical. The consideration to Standard Gas & Electric was reported as 260,000 shares of

Pacific Gas & Electric common stock plus $2,085,000 in cash.

In June, 1930, an acquisition of even greater importance was made. Pacific Gas & Electric Co. acquired from Western Power Co., a subsidiary of The North American Co., the stock holdings in Great Western Power Co. of California, San Joaquin Light & Power Corp. and Midland Counties Public Service Corp., and with these stocks, Pacific Gas also acquired control of Feather River Power Co., California Electric Generating Co., Napa Valley Electric Co., and other minor subsidiaries. In exchange for these holdings, Pacific Gas & Electric Co. issued 1,825,000 shares of its common stock and cancelled $19,180,776 floating indebtedness of those companies to Western Power Co.



The principal advantage to Pacific Gas & Electric in this acquisition lies in the fact that the properties operate in a territory within or adjacent to that served by Pacific Gas. The acquired properties were largely electric and their inclusion in the larger system should result in operating economies, the more effective future development of the territories and large savings in construction costs. Another and probably more important reason was the advent of the rapid development of natural gas. Both the Pacific Gas & Electric group and the North American group were actively engaged in large scale expansion programs, with sharp competition and duplication of facilities looming ahead. Joint development and operation was the rational thing, but the merger of the two groups was even more effective.

Some time, of course, will be required to digest the new properties acquired last year and before savings and economies are accomplished through the smooth functioning of the enlarged system. The immediate effect however, will be to dilute the per share earnings. The holdings acquired by Pacific Gas earned $3,774,800 in 1929, but dividends on the stock issued to North American Co. in exchange amount to $3,650,000, although earnings on this stock in 1930 amounted to about $4,780,000. Operating economies and natural growth of service in the new territory will gradually close this spread and thereby justify the purchase.

Pacific Gas & Electric Co. is now predominantly an electric system, approximately 75% of the total gross revenues being derived from this source. This department has shown a steady growth over a long period of years and will probably continue to do so for some time into the future. But the big field ahead of the company lies in the gas division—specifically natural gas.

Three Years With Pacific Gas & Electric System

	1930	1929	1928
Gross Revenues (1)	$77,369,388	$64,820,894	$61,788,079
Operating Income	43,444,249	33,573,104	30,028,874
Depreciation	8,866,036	7,477,635	5,967,320
Net to Common	14,866,993	10,899,920	8,719,808
Earned on Aver. Common Outstanding	3.07	3.52	3.17
Earned on Com. Outstanding End of Period	2.63	3.27	3.05
Dividend on Common	2.00	2.00	2.00
Value of Rights	—(2)	7.15	2.00
Electric Customers	725,959(3)	549,816	529,306
Gas Customers	496,048(3)	479,986	466,628
Total Connected Load in HP	2,413,093	2,249,206	2,129,860
Gas Sold, M cu. ft.	NF	22,041,345	21,058,369

(1)—Including other income. (2)—Rights offered Jan. 26, 1931, worth about $2.50. (3) As of Sept. 30, 1930.

Huge reservoirs of natural gas abound in the southern por- of Califormia, and although the company had investigated the possibilities of transporting this fuel to consuming markets in the central and northern part of the state as early as 1921, it was not until 1928 that sufficient quantities were discovered to make feasible the construction of a system of pipe lines for its distribution. The opening up of the Buttonwillow Field and later that year the discovery of huge quantities of gas in the Kettleman Hills region made the venture economically feasible.

The original plan was to serve a mixture of natural and artificial gas to the customers of the system, but subsequently so prolific was the production of natural gas that this plan was abandoned and now straight natural gas is being distributed. In the Kettleman Hills field alone, geologists estimate that 400,000,000 cubic feet of gas can be produced daily for a period of 75 years. Large quantities of natural gas, moreover, are produced in connection with oil, and as the California legislature enacted a law to prevent the wastage of natural gas, the oil companies were forced to seek markets for this product, and the utility companies offer an outlet.

Pacific Gas & Electric now has two pipe lines extending from the gas fields to the consuming markets. The first pipe line, known as the Bay Line, was completed in August, 1929, while the second line, known as the Valley Line, is owned equally with Standard Oil Co. of California. These two lines, which are respectively 22 and 26 inches in diameter, are of sufficient capacity to enable the company to transmit for its own account 135,000,000 cubic feet of natural gas daily. This can be increased to 250,000,000 cubic feet by the construction at relatively small expense of intermediate compressor stations. The future expansion therefore may be accomplished without corresponding increase in fixed charges. The company now has a gas transmission system

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Market Indicators

For Profit

Allied Chemical & Dye Corp.

In view of the general depression, the latest report of Allied Chemical & Dye Corp. for the year ended December 31, 1930, may be considered fairly satisfactory. Net income amounted to $25,103,539 after expenses, depreciation and taxes, equivalent after dividends on the preferred stock to $9.77 a share on 2,286,980 shares of no par common stock. This compares with a net income of $30,198,523 for the year 1929, equal to $12.60 per common share based upon a slightly smaller number of shares. As usual the strength of the company's financial position was almost overpowering. Current assets totaled well over $155,000,000, including cash and government securities of $113,300,000, while current liabilities amounted to less than $9,000,000. Despite, however, the comparatively good earning statement and impregnable financial position, Allied Chemical is extremely reticent in regard to specific details of its operations. This secrecy, in view of the unfavorable outlook for nitrate and knowing that the company has invested millions in this business, makes it doubtful whether the common stock at present prices represents a particularly attractive investment opportunity.

* * *

High Yield Preferreds

General Gas & Electric Corp. $6 cumulative convertible preferred stock Series A listed on the New York Stock Exchange is currently selling for $75 per share, a price on which the yield is approximately 8%. This company is now chiefly an investment company with holdings in public utility companies. The market value of the company's investments on December 10, 1930, was $119,611,334, of which 43% was in debentures, preferred and preference stocks of the Associated Gas & Electric Co., 34% in subsidiary and affiliated companies, largely bonds, notes and preferred stocks, and 23% consisted of other investments. Due to the substantial recovery in the stock market since that date, the value of the portfolio has gained considerably. Based on the lower level, the liquidating value per share of General Gas & Electric Corp. preferred stock was in excess of $140. Earnings on the combined A and B preferred stock of this company for 1930 amounted to $11.50 per share, showing a wide margin over dividend requirements. The $6 Series A preferred, moreover, is convertible until May 1, 1935, into 6 shares of the Class A common stock, which is currently selling for $8 and although concrete value for the convertible feature is somewhat remote it adds at any rate something to the possibilities.

* * *

Will a Dividend Adjustment Be Necessary?

Unlike a company whose policy it is to maintain a conservative dividend in relation to normal earning power, the company which distributes a large part of its earnings frequently finds it necessary to adjust the rate downward during prolonged periods of depression. The period of dividend reductions which we are now witnessing has affected many industrial companies and also the rails, but as yet the utilities have been practically immune. The earnings of industrial companies, of course, are subject to wide fluctuations, and rails only slightly less so. The utilities, on the other hand, have shown a remarkable stability of earnings. Indeed, when business and industrial recovery are ushered in on a substantial scale, the utilities should be among the first to reflect the fact through increase in business and earnings.

A majority of the larger utility companies have followed conservative dividend policies so that no adjustments downward are likely. A few, however, have adopted the reverse policy of paying a high dividend rate in relation to earnings and in some instances dividends may be reduced because current level of earnings distinctly does not warrant the high rate. The trend of earnings of Commonwealth & Southern is a case in point and so far this year appear to have been appreciably below the dividend requirements of 60 cents per share on the common. For the twelve months ended February 28, 1931, the common earned only 56 cents against 72 cents for the corresponding period last year. Unless improvement is shown in the near future a more conservative rate will probably be adopted, at least until the trend of earnings is again definitely upward.

* * *

Consider Warm Weather Stocks

Balmy Spring zephyrs are just around the corner, and those who look forward some months know that it will not be long before warm weather is with us followed by the hot days of summer. Anticipating this, the so-called "hot weather" stocks will be groomed within the next month or so just as they have in previous years. For appreciation possibilities over a period of four or five months American Ice appears attractive. Mechanical and electrical refrigeration, strange to say, have not affected this company's business to any great extent. In fact, sales of ice in 1930 were the largest in the company's history, exceeding 3,000,000 tons, and it is clear that a large part of its business is with the great mass of people whose income precludes the more expensive mechanical refrigeration. Last year the common earned $3.93 per share against $4.22 in 1929. Paying a dividend of $3 per annum the stock yields better than 10% on the current market price of 29.

* * *

Benefits from Diversification

The oil business is not very promising at this particular time, what with overproduction of crude, overcapacity

The Stockholder

and Income

in the refining division, and depressed prices in the finished products. One company, the Barnsdall Corp., is attempting to ease its position from sole dependence on the whims of the petroleum industry by diversifying where economically feasible into other lines. It is reported that the company is developing facilities for manufacturing butyl alcohol from liquefied petroleum gases. Butyl alcohol is used in the manufacture of lacquers, paints and shellacs, and is the chief solvent for nitrocellulose lacquers or Duco, the latter used extensively in automobile finishes. Barnsdall will thus become a competitor of Union Carbon & Carbide Corp. and of Commercial Solvents Corp. which are the two leading factors in the field at the present time.

Union Carbide makes a synthetic butyl alcohol while Commercial Solvents uses the natural or fermentation process, utilizing corn as the raw material. Barnsdall's process consists of collecting and liquefying the gases given off in the refining of petroleum to produce gasoline, and from these gases butyl alcohol is produced at comparatively low cost. Production of the alcohol will be carried on by the Petroleum Chemical Corp., jointly owned by Barnsdall and by National Distillers Products Corp.

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"Movies" and "Talkies"

That there still exists a tremendous potential demand in wiring theatres for sound was clearly shown in the recent Department of Commerce report showing that there are today some 82,260 motion picture theatres in the world and that of these nearly 62,400 are devoted solely to silent films. There is, of course, the language barrier which doubtless deters many foreign theatre owners from installing sound apparatus on account of the difficulty of obtaining films intelligible to their audiences, but even so, it is a situation which augurs well for such companies as Western Electric, giant subsidiary of the American Telephone & Telegraph Co., Radio Corp. and General Theatres Equipment. Unfortunately, however, all these concerns have so many other and varied interests which may or may not be favorably situated that the "net" prospects for any particular company cannot be based upon this factor alone.

* * *

Radio Corp.-Columbia Graphophone

After several years of active negotiations a merger agreement, which awaits only the stockholders' consent has been arranged between Columbia Graphophone Co., Ltd., and the Gramaphone Co., Ltd., controlled by the Radio Corp. of America through its subsidiary Victor Talking Machine Co. The consolidation will take the form of a new company which will issue its securities in exchange for the two, now independent, units. Because the two companies have been in active competition with one another and there has been much duplication of effort, it is expected that the merger will effect substantial economies which will eventually react to the benefit of stockholders. The near-term outlook in this field, however, is somewhat dubious. There are large stocks of radio sets and talking machines on hand, while the patent question and almost continuous litigation add to the difficulty of appraising the present merit of the securities concerned in the consolidation.

* * *

Stability Again Demonstrated

United Biscuit Co. of America is a holding company which was incorporated late in the year 1927. This comparative youthfulness, however, is misleading as many of the company's subsidiaries are old-established and have demonstrated earning power. For 1930 the company reported gross income but very slightly under that of the previous year clearly indicating that the business depression had little effect on the popular appeal for its line of cakes, crackers and cookies sold under the trade name "Supreme Bakers." Net profit for 1930 amounted to $2,005,061 after depreciation, interest and federal taxes, equivalent after preferred dividends to $4.01 per share based upon 470,766 shares of no par common stock. This compares with $4.39 per common share shown for the year 1929. Selling at almost exactly ten times earnings and paying a regular dividend of $2 per share annually the issue appears to possess decided attraction.

* * *

A Low Priced Preferred

During the present period of business uncertainty and continually easing money rates those securities promising a fixed return with safety are undeniably attractive. Particularly is this so should the issue be not only low priced but have a participating feature as well. The new 6% preferred stock of the Diamond Match Co. appears to meet these requirements. It is entitled to cumulative dividends at the rate of $1.50 per share annually and then after the common has received a like amount the two participate equally in any further disbursements. Currently selling for about $26 a share on the New York Stock Exchange this preferred can be bought to yield slightly less than 6%, a return which may be considered very fair in view of all the circumstances. The Diamond Match Co. is the leader in the American match industry and has in addition other and varied interests including general lumber and logging operations, a general merchandising business and sundry investment holdings. Dividends had been paid on the common stock of the predecessor company for more than forty years. Consolidated net profit for the year 1931 after depreciation, federal taxes, etc., amounted to $2,427,497, equal to $2.85 per share based upon 850,000 shares of preferred stock.

THE AMERICAN TOBACCO CO.

The Fall and Rise of a Tobacco Giant

Another Earnings Record in Year of General Depression Attests Future Potentialities

By J. C. Clifford

THE American Tobacco Co.—edifice erected by bold, swashbuckling, business buccaneer James Buchanan Duke—torn down by order of a relentlessly trust-busting government—is now rebuilt so that it again tops its nearest rival. Such is the concise history of an enterprise which reported net income for last year higher than has ever before been shown by any company in the field, and this in the infamous year of depression 1930.

In order to obtain an appropriate background for this achievement one needs to go back some seventy or eighty years to a little log-cabin farm near Durham in North Carolina, where Washington Duke and his four sons, "raised" tobacco for a living. Realizing the limitations and hazards of farming, the father established a small tobacco manufacturing and selling business in Durham, which had attained a moderate degree of prosperity when the son, James B., made it the center of his activities. He lifted it out of its narrow country rut to do a juggling act, the remembrance of which to this day doubtless sends cold shivers along the spine of the tobacco world. By 1870 the business of W. Duke Sons & Co. had grown considerably, being still, however, local in character. In 1878 it was merged with the business established independently by the eldest brother and otherwise expanded. Then 1884. The Dukes in New York. Five years later James B. effected a consolidation of five of the largest tobacco interests in the country under the name American Tobacco Co., and then proceeded to lay down an advertising barrage of an intensity never before seen and seldom since equalled. His appropriations for this purpose far exceeded his net income. And then for gasping competitors the *coup de grace*—price cutting. They tottered, fell, and were absorbed.

The next few years were doubtless happy ones for the American Tobacco Co. It was doing about all the business that existed; the public was reimbursing it handsomely for previous out-of-pocket expenses; while any developing competition was smothered almost before the ink on the plans was dry. Meanwhile, the founder, that extraordinary personality, James Buchanan Duke, perhaps seeing that the death of his tobacco octopus had been pre-ordained, or perhaps merely because he wished new worlds to conquer, became deeply interested in water power and this was his principal enthusiasm until his death in October, 1925. Nowadays the name "Duke" to the people of the Carolinas means "power" rather than "tobacco" and the Duke Power Co. is said to have done much to further the recent rapid industrial development of a portion of the South.

The American Tobacco Co.

Adjusted to present shares

	1928	1929	1930
Earned per share	$5.60	$5.76	$8.56
Dividends paid	4.00	5.00	6.25
Working capital	109,402,000	143,308,000	145,489,000
% of total U. S. cigarette business	29.59	34.16	38.10

A Trust No More

When the present American Tobacco Co., formed by merger agreement under the laws of New Jersey in 1904, was ordered dissolved by the Supreme Court of the United States in 1911, it was a thoroughgoing "trust" if there ever was one. Among the fourteen independent units into which the company was divided are to be found all the principal names in the tobacco world today, including Liggett & Myers Tobacco Co., now American Tobacco's second most important competitor, P. Lorillard, its third most important competitor, while the trust also controlled, although it was never actually absorbed, Reynolds Tobacco, which until last year stood at the top of the list as the greatest earner in the field. Other companies into which the "trust" was divided include American Snuff Co., United Cigar Stores, Porto Rican-American Tobacco Co., British American Tobacco Co. and George W. Helme Co.

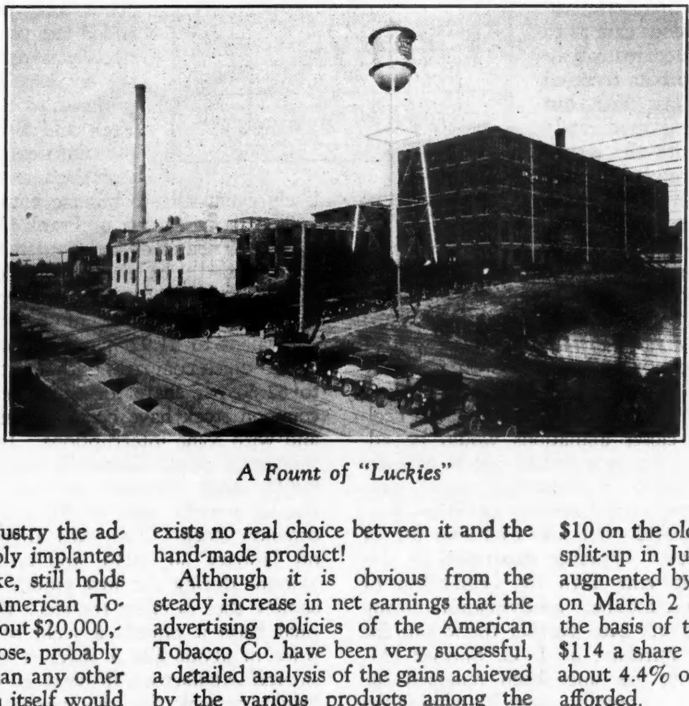
At this time, although the "tobacco trust" was undoubtedly dead, a living nucleus still existed and existed moreover with many profitable lines, strategically placed manufacturing plants and above all with much of its old aggressive spirit — somewhat humbled perhaps, but alive for all that. It is to this old spirit that credit must be given

for the manner in which the company has triumped over the difficulties of its dissolution to emerge once more a leader.

Of course, the American Tobacco Co.—as is true of all its rivals—has been materially assisted toward prosperity by the increasing popularity of the smoking habit, a basically favorable factor, however, within the limits of which there has been considerable scope for individual performance. Now, because the cigarette has both gained new adherents and converted others who had previously smoked other forms of tobacco, the little tobacco-filled cylinder of paper has made itself by far the most important phase of the industry and for this reason is discussed here to the almost complete exclusion of other lines which may or may not be profitable, afford diversification or otherwise react in some minor degree on the total business of an individual company.

Competition Rises

The American Tobacco Co. was somewhat slow in recognizing the trend toward cigarettes and in 1913 permitted Reynolds to introduce their "Camels" on a nationally advertised scale without serious opposition. In 1917, however, it awakened and the "Lucky Strike" was born. The running start attained by "Camels," however, was further accentuated by the government's policy of sending cigarettes to the troops in France on the basis of past production figures so that it was a case of smoking this brand and liking them, or not smoking at all.



A Fount of "Luckies"

Now in the tobacco industry the advertising tradition, so deeply implanted by the late James B. Duke, still holds sway, but although the American Tobacco Co., appropriating about $20,000,000 annually for this purpose, probably spends some 25% more than any other company, this difference in itself would not have been sufficient in all likelihood to push the "Lucky Strike" to its present commanding position, if the company had not made its advertising dollar go further than that of its competitors. If this effort to stretch the advertising dollar has caused an aggressiveness bordering upon destructiveness at times, it has resulted, nevertheless, in a certain dynamic quality which appears to have escaped its rivals. For example, there was the appeal to women with the implication barely veiled that the fattening qualities of sweets could be avoided by smoking — preferably "Luckies" — a campaign incidentally which still makes candy manufacturers froth at the mouth. At the present time President George Washington Hill's big guns are firing salvo after salvo of "anti-spit" slogans in favor of his machine-made cigar "Cremo," and their advertising effectiveness is none the less for the indubitable fact that saliva as a cigar-sealing medium in the hand-made article was long ago discarded by most manufacturers, while, as for the machine, it has been in operation for a number of years but its adherents have been rather chary about mentioning it, lest the public's incomprehensible adversion to a machine-made article react unfavorably. The American Tobacco Co., however, with its usual brilliancy advertises to the world not only that its cigar is machine-made but that for this reason is an article so superior in sanitary qualities that there exists no real choice between it and the hand-made product!

Although it is obvious from the steady increase in net earnings that the advertising policies of the American Tobacco Co. have been very successful, a detailed analysis of the gains achieved by the various products among the company's diversified line is impossible, as no gross revenue figures of any sort are published. The company states, however, that its percentage of the total cigarettes produced in the United States has grown from slightly over 20% in 1926 to over 38% in 1930, but how much the greater demand for "Luckies" has been offset by a smaller demand for the company's other brands it is impossible to even estimate.

Steady Growth

Even if steadily increasing production figures and gross sales are unavailable the continually growing net earnings of the American Tobacco Co. make an impressive exhibit. From $15,444,000 in 1912, the year immediately following the company's dissolution, net income dropped to a low point in 1915, but from here the trend has been distinctly upward, reaching $25,017,000 in 1928, $30,183,000 in 1929 and then jumping some 43% to $43,345,000 for the year just passed. This, after dividends on the 6% preferred stock, was equal to $8.56 a share on the 4,687,054 combined common and common B shares outstanding and compared with $5.76 per share for the previous year. In addition to the common and common B stock the outstanding capitalization of the company consists of 526,997 shares of 6% non-callable preferred stock, each share of which has four votes against but one for the common stock. The common B stock has no voting power. Total funded debt is slightly over $1,000,000 and this is being steadily reduced by purchase and cancellation.

The American Tobacco Co. has paid liberal dividends on its common stock in every year since 1905 until the present time. There have also been numerous cash extras while split-ups, stock dividends and rights have been by no means uncommon. The present rate on the common and common B stocks is $5 annually, equivalent to $10 on the old stock prior to the 2 for 1 split-up in July, last year, and this was augmented by the payment of $1 extra on March 2 of the present year. On the basis of the current price of about $114 a share for both stocks a yield of about 4.4% on the regular rate alone is afforded.

Strong Financial Position

Despite the great sums spent in advertising, the company's financial position yearly becomes more impressive. As of December 31, 1930, current assets totaled $150,187,711, including cash and call loans of $24,102,000 and

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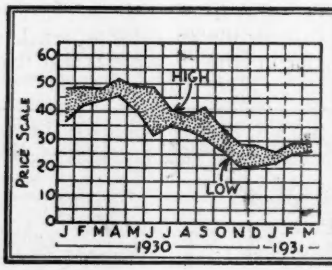
Low-Price Dividend Payers With a Future

Among the low-priced shares are certain issues which have been depressed out of all proportion to their earning power and prospects. Under adverse market conditions they are therefore not subject to serious decline, while in a generally favorable market trend they should show substantial gains in price. They are therefore suitable for moderately long term holding—yielding a fair return and offering prospects of price appreciation as business regains its normal. A group of issues whose current and future position justifies their inclusion in this class are described below.

Frank G. Shattuck Co.



THE progress made by Frank G. Shattuck Co., owning and operating "Schrafft's," conclusively confirms the profit possibilities in good, wholesome food, served in attractive surroundings and with meticulous care as to detail. It is true that the company's almost spectacularly rising profits received something of a set-back last year, but Shattuck is still expanding moderately and conservatively and with the return to normalcy in general conditions will doubtless be so situated that immediate advantage may be taken of the improvement.

There are two distinct phases to the business operated by Frank G. Shattuck Co., the first being that of a candy manufacturer and retailer while the second consists of its restaurant operations. The company for years maintained close connections with W. F. Schrafft & Sons Corp. of Boston, whose fine chocolates and general confectionery were always prominently displayed in its stores. This line, the Shattuck Co. rounded out with its own products. Feeling, however, that even closer affiliations would be advantageous, Shattuck decided a year or two ago to actually purchase the Schrafft business, an acquisition which gave it not only large scale candy-manufacturing facilities—perhaps the largest in the world—but also exclusive use of the trade name "Schrafft's." Further expansion in this field was undertaken last year with the acquisition of Wallace & Co., an old-established candy-manufacturing concern, whose specialties will even further round out the Shattuck line, while the purchase of J. C. Shriner Co., metropolitan jobbers which has since been renamed the Shattuck Sales Corp. will materially assist in solving the larger distribution problem now before the company.

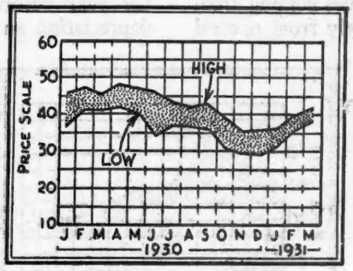
In the restaurant division of its business Frank G. Shattuck Co. operates about forty outlets, five of which were added last year. Until recently, when a store was opened at Syracuse, N. Y., the company's business had been solely confined to the limits of Greater New York and Boston but this development puts into concrete form plans for more ambitious expansion which is not unlikely eventually to become nation-wide.

The capitalization of Frank G. Shattuck Co. consists of 1,290,000 shares of common stock of no par value. There is no funded debt, although real estate mortgages total some $2,335,000. The company reported for last year consolidated net income of $2,486,237 after all charges, equivalent to $1.92 per share on the outstanding common stock, which compares with a net profit of $3,356,000 equal to $2.60 per share for the year 1929. Dividends on the common stock have been paid since 1910 at varying rates and with some interruptions. In addition there have been numerous stock dividends and "rights." Following the 200% stock dividend and issue of "rights" in 1929 a regular annual basis of $1 a share was adopted for the common stock. This was augmented by 50 cents extra on January 20, 1930, and another disbursement of like amount during the first month of the present year. Assuming that in effect the stock is upon a regular $1.50 annual basis it affords a yield of over 5% at the present price of about $28 a share, a return which may be considered satisfactory in view of the more than ordinarily bright outlook for the company's future.

Gold Dust Corp.

IT may seemingly be a far step from washing powders, soaps and shoe polish to flour milling and food products, nevertheless, it is one which has been taken by Gold Dust Corp. The transformation of this company commenced in 1928, at which time it was re-incorporated under the laws of New Jersey as a consolidation between an old company of the same name and the American Linseed Co., an organization which had previously divested itself of any connection with the linseed oil business and was engaged solely in the manufacture and distribution

of food products. This merger added nut butter, margarine and salad dressing to cleansers and shoe polish. The next step was the acquisition on an exchange of shares basis of Standard Milling Co., one of the largest flour milling concerns in the world. This resulted in the addition of such well-known products as "Hecker's Superlative Flour," "Hecker's Farina," "Force" etc. to an already diversified output. Later Gold Dust purchased from the United Cigar Stores Co. a large block of stock in Beech-Nut Packing Co. and further advanced its interests in nationally advertised, trade-marked specialties.



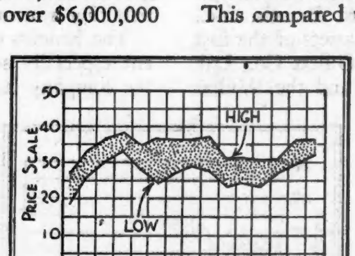
The rapid expansion achieved by Gold Dust Corp. and the tremendous diversification of output which has been attained as the result, make it almost impossible to present past performance in a concise and coherent form. It may be said, however, that the acquisition of trade-marked specialties has been no accident and that the company has scrupulously avoided all lines with "prince and pauper" characteristics. The new products are all old-established, of proven profitableness and of a stable character which lend themselves to a steady building up of consumer goodwill. This policy coupled with the safety of diversification and centralization of control ought to enable the company to make sure progress.

The outstanding capitalization of Gold Dust Corp. consists of 1,805,002 shares of no par common stock and 61,160 shares of $6 cumulative, convertible preferred stock also of no par value. The company's entire funded debt, a subsidiary obligation, amounts to slightly over $1,000,000 and becomes due on May 1 of this year. It is carried on the books of the company as a current liability. As the company has cash and call loans of nearly $8,000,000 there will be no difficulty in meeting this obligation when it becomes due. For the year 1930 Gold Dust Corp. reported consolidated net income of $6,688,816 after depreciation, interest and federal taxes, which after dividends on the preferred stock was equivalent to $3.51 per share of common stock. This compared with net income of $7,586,963, for 1929 including profits of subsidiary companies for the period prior to their consolidation with Gold Dust, which was equal to $4 per share of common stock.

The company is currently maintaining regular dividends on its common stock at the rate of $2.50 annually, affording a yield of slightly more than 6% at the present price of $41 per share. In view of the recognized soundness of the company's expansion policies and strong financial position there is reason to believe that at current levels its common stock offers attractive possibilities for long term holding.

United States Pipe & Foundry Co.

UNITED STATES PIPE & FOUNDRY CO. was chartered over thirty years ago by the State of New Jersey as the United States Cast Iron Pipe & Foundry Co., a consolidation of pipe manufacturers. The enterprise was operated with indifferent success until 1922 when it acquired the exclusive use of the deLavaud process of casting pipe centrifugally for this country and Central America. The new process revolutionized pipe production and gave the company a tremendous advantage over its competitors. Net income jumped from $1,022,000 in 1922 to nearly $3,500,000 in 1923 and then to over $6,000,000 for the following year. This was the peak. Rivals had perfected their own methods, which in conjunction with importations from Europe resulted once more in a state of keen competition and earnings consequently declined.



At the present time United States Pipe & Foundry Co. operates nine or ten plants distributed widely throughout the country and which are said to have a theoretical capacity equal to about 75% of the estimated capacity of the entire country. Its pipe, special castings and other products have their principal use in gas and water projects and for this reason the company's business is largely dependent upon municipal and other construction which in turn depends greatly upon conditions in the bond market. These factors are clearly reflected in the record of the company's earnings, which indicate that the stock market boom of 1928 and 1929 and the attendant firmness of money rates were an adverse influence, an influence moreover which the small improvement in the bold market during 1930 has not entirely dissipated. The company, however, *did* manage to report higher earnings for the twelve months just passed than in any year since 1927.

The capitalization of United States Pipe & Foundry Co. consists of 600,000 shares of common stock of $20 par value, followed by 599,810 shares of no par 1st preferred stock which is entitled to cumulative annual dividends of $1.20 and which is redeemable at $21 per share. The company's 2nd preferred stock was called for redemption on July 1 of last year. There is no funded debt. Net earnings last year amounted to $2,881,046 which after preferred dividends was equal to $3.42 per share of common stock. This compared with net earnings of $2,581,230 or $2.74 a share for the previous year. The company's financial position is a strong one. As of December 31, 1930, current assets including cash, call loans, government and municipal securities of $13,163,488 totaled $18,046,112, while current liabilities amounted to but $1,520,053. The net working capital was therefore $16,526,059.

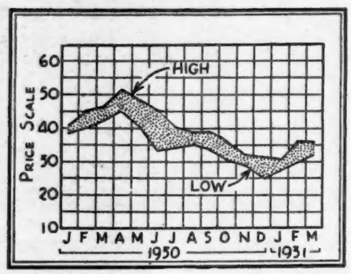
In view of the fact that there is still much municipal and other construction planned for the present year and that the reception given to several large bond offerings in recent days clearly indicates that the public's appetite for these investments is returning, it appears probable that the United States Pipe & Foundry Co. faces a reasonably profitable period. Nothing spectacular, however, is to be expected and if net income for the year 1931 is moderately in excess of that shown for last year it should be deemed satisfactory—a prospect which gives the common stock of the company, now purchasable around $35 a share to yield 5.7% on the regular annual dividend of $2 a share, moderate attraction as a medium-term, somewhat speculative holding.

(Please turn to next page)

Louisville Gas & Electric Co.

LOUISVILLE GAS & ELECTRIC CO.'s record of consistent growth was again confirmed by the results of 1930 when despite the depressed condition of general business and industrial activity gross income gained 2.2% over that of 1929. Serving Louisville, Kentucky and surrounding communities, the company is predominantly an electric enterprise, about 72% of its revenues coming from this source, the remainder practically entirely from natural and artificial gas.

The ready availability of a large amount of cheap electricity, gas and other fuel supplies together with the strategic location of Louisville makes this center ideal for many types of manufacturing enterprises. For a number of years the city has conducted an aggressive campaign to attract industry to itself. Last year, of course, conditions were unfavorable, but in 1929, 35 new manufacturing plants located in Louisville and 77 local industries increased their facilities. With industrial and business recovery under way this trend should be resumed with increasing benefit to Louisville Gas & Electric Co.



The major portion of the company's power resources are hydro-electric, created through the canalization of the Ohio River. The completion of the Ohio Falls project about three years ago almost doubled the system's electric capacity. The steam electric generating plants are assured an adequate, convenient, and economic source of fuel supply by virtue of the company's ownership of its own completely equipped mines. Natural gas comes from the eastern Kentucky and West Virginia fields and is supplemented by artificial gas manufacturing plants. Through a transmission line, interconnection is had with Cincinnati Gas & Electric Co. permitting interchange of power and thus increases the company's outlet for its power reserve.

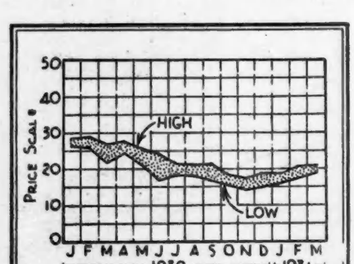
The consolidated income account for 1930 shows gross revenues of $10,566,387, a gain of $227,290 or 2.2% over the year before. Net income after all expenses, taxes, depreciation and interest charges amounted to $3,444,474, a decline of $36,271 or about 1% from 1929, but this was due not to higher expenses and charges but entirely to a decrease of $237,495 in so-called other income. Earnings in 1930 amounted to $2.35 a share on the combined 600,374 no-par shares of Class A common and 300,949 no-par shares of Class B common. This compares with $2.39 a share on combined shares in 1929.

The Class A shares have preference over the B shares in dividends to the extent of $1.50 a share, and after the payment of a like amount on the Class B, both classes participate alike on a share for share basis in any further distributions. The present dividend on the Class A shares is $1.75 per annum, giving a yield of about 5.1% at the recent price of 34. Participating in the equity earnings of the company, the Class A shares should benefit from increased earnings resulting from industrial recovery and continued growth. The event of complete acquisition by the Standard Gas & Electric Co. which now controls the company through the ownership of most of the Class B or voting stock lends the Class A shares additional attraction.

Standard Brands, Inc.

THE three cardinal principles of Standard Brands, Inc., are (1) quality products, (2) quick distribution, and (3) scientific merchandising. These basic principles made the Fleischmann Co. an outstanding organization in its field and created the nucleus of Standard Brands, Inc., when in 1929 it acquired the business and assets of the first mentioned company as well as of E. W. Gillett Co., Ltd. (of Canada), of Chase & Sanborn, Inc., and the Widlar Food Products Co. and control of Royal Baking Powder Co.

Through these acquisitions, Standard Brands, Inc., is enabled to produce and distribute a wide variety of food products including yeast, malt products, industrial and denatured alcohol, baking powder, coffee and teas, condiments, olives, pickles, dressings, gelatin, vinegar and a number of other special products. These products are distributed principally through 900 direct selling agencies established throughout the United States, Canada, Cuba and neighboring countries.



The advantages of quick and frequent delivery which were so essential in the Fleischmann organization, the key of the Standard Brands, Inc., combination, are now applied to a much wider scope of products, to some of which such as coffee it is also necessary in order to insure freshness and quality. For the more durable products, frequent service permits low inventories by retailers, hence a smaller investment in merchandise. Service is given not less than twice a week and in many cases daily to upwards of 60,000 commercial bakeries, hotels, restaurants, public institutions and to upwards of 300,000 grocers. Indeed, the bulwark of the company is the distributing system.

The benefits of the merger were not immediately apparent especially so as the year 1930, the first during which the company functioned as a merged enterprise, conditions generally were unsettled and prices were on the down trend. However, in the final quarter of 1930, the company began to realize the benefits from its extensive national advertising campaigns inaugurated shortly after the merger late in 1929, and new sales records in various products were being established. Sales gains continue so far this year and 1931 promises to witness tangible benefits of the merger.

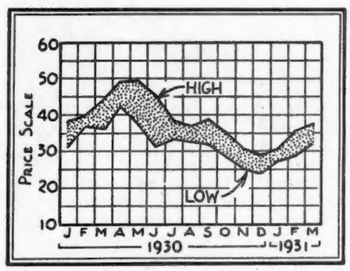
Consolidated gross revenues for the year 1930 were $48,138,199 and net income after all expenses, taxes, depreciation and minority interests of $16,402,253. In 1929, the company and its predecessors showed net of $18,344,391. On a per share basis the earnings on the common were $1.22 in 1930 against $1.37 in 1929. Common stock is outstanding in the amount of 12,644,002 no-par shares. It is significant that fourth quarter earnings were higher in 1930 than in 1929. The financial position of the company was exceptionally strong at the end of the year with current assets of

$46,926,748 against current liabilities of only $4,693,530.

The common stock is selling for about 19, a price liberally evaluating the demonstrated earning power, but the stock nevertheless does present attractive possibilities in view of the trend toward higher earnings and also from the possible future acquisitions of allied concerns which should benefit similarly from the company's policies. Paying $1.20 in dividends, the stock yields 6.3%.

United Gas Improvement Co.

UNITED GAS IMPROVEMENT CO. is both a public utility holding company and an investment company. Better known as U. G. I., the company was organized in 1882 and has a long record of successful operations, but the past five years have been marked by accelerated expansion both of territory served and security holdings. Through its subsidiaries and its investments, U. G. I. is intimately identified with the economic development of a majority of the eastern industrial states. The possibilities for growth of utility services in this area and of superpower and supergas mergers and alignments are factors which may prove of considerable significance for the company.



Philadelphia and adjacent territory is the center where the company's major electric and gas operations are undertaken, but other groups of properties of considerable importance are located in Erie County, Pa., in Connecticut and in Delaware, with smaller subsidiaries in New Hampshire, Tennessee, Ohio and Arizona. It is estimated that population served is close to 6,000,000. Roughly, the electric properties account for 75% of the operating revenues, with 18% derived from gas and the balance from miscellaneous services. A 50% stock interest is held in United Engineers & Constructors, Inc., in which Public Service Corp. of New Jersey is also interested, and this organization not only handles the engineering and construction activities of the two large utility systems but through widespread regional offices also does a large amount of business for other concerns.

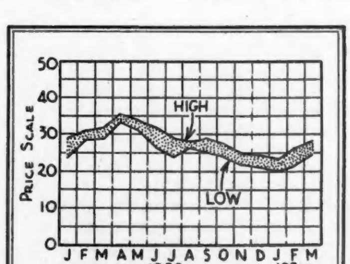
In addition to subsidiaries in which controlling interest is held, substantial minority interests are held in American Superpower, Commonwealth & Southern, Midland United (an Insull Co.), Niagara Hudson Power and about one-third of the common stock of Public Service of New Jersey. United Corp., which owns over 26% of the common stock of U. G. I., also owns about 18% of Public Service of New Jersey common, so that the two together hold a majority. United Corp. likewise owns substantial amounts of Commonwealth & Southern and Niagara Hudson Power.

The earnings of U. G. I. have shown a steady upward trend for many years. The most recent period for which figures are available covers the twelve months ended September 30, 1930, with gross income of $108,450,324, an increase of 5.4% over the corresponding period of 1929, while the net income increased 20.1% to $37,798,502, equivalent to $1.53 on the common stock against $1.43 the previous year.

The common stock is currently selling for about 36 at which price the dividend of $1.20 annually returns a yield of 3.3%. The price earnings ratio of 23 to 1 indicates a liberal valuation of the common stock, although in part the earnings represent only dividends received on the company's investments and does not include the undistributed amounts withheld on these equities. Interesting possibilities are held by U. G. I. common in view of the company's key position in the eastern utility situation and the part it will no doubt play in the future expansion and consolidation activities in this area. The stock represents an attractive holding for the longer period.

Kreuger & Toll Co.

TO the investing public Kreuger & Toll is still largely a mystery stock, but the activities and capital set-up of this enterprise are such that would commend the stock as a desirable commitment. Essentially it is a holding and management company whose principal activities are distributed over the match, iron ore, lumber and pulp industries, banking, real estate and the telephone business. Its earnings are largely derived from the dividends paid by companies engaged in these industries and in which it has an interest—often control.



The company's largest investment is in the match industry. Its interest in Swedish Match Co. probably amounts to control, and the latter in turn owns practically all of the common stock of International Match. In connection with the match business, Kreuger & Toll whose cash resources are generally plentiful has negotiated a number of large loans with foreign countries receiving as part consideration the match monopolies in these countries which extend as a rule for the life of the loan. These monopolies are then turned over to either the Swedish Match or International companies but Kreuger & Toll receives a participation in the profits. The foreign government loans are financed by the company through the issuance of its own bonds.

Kreuger & Toll is a large stockholder in the Grangesberg Co., the largest producer of iron ore in Europe and the largest exporter in the world. This company owns extensive deposits calculated to contain over two billion tons of high grade ore with an iron content of over 60%. This ore compares with an average metallic content of about 50% for the Great Lakes ores of the United States, and 31% for the Minette ores of France. It is largely used by German producers who find it cheaper to import than to use their own ores.

In 1929, Kreuger & Toll entered the pulp and lumber industry for which Sweden is famous, and is reported to control about 30% of the pulp and 15% of the lumber industry of the country, including enormous holdings of timberlands. In connection with this enterprise a huge superpower system is being sponsored co-ordinating facilities and making available huge supplies of cheap electric energy.

Kreuger & Toll has large holdings, and in some cases actual control, in large banks scattered throughout Europe.

Preferred Stock Guide

NOTE: The following preferred stocks are listed solely in accordance with the current yield on each. The sequence of Guide, therefore, does not indicate a preference for one issue over any of the others. Readers should observe a proper diversification of commitments in making their selections from this list.

Railroads

	Div. Rate $ per Share	Earned $ per Share 1928	1929	1930	Redeemable	Recent Price	Yield %
Norfolk & Western	4 (N)	133.73	182.20	138.50	No	92	4.3
Union Pacific	4 (N)	46.32	49.48	41.30	No	86	4.7
Atchison, Top. & S. Fe......	5 (N)	40.21	49.18	30.08	No	107	4.7
Baltimore & Ohio	4 (N)	49.44	48.87	36.46	No	79	5.1
Pere Marquette Prior	5 (C)	75.60	55.50	17.86	100	92	5.4
N. Y., New Haven & Hart..	7 (C)	34.40	45.47	30.50	115	119	5.9
Illinois Central Conv. A.....	6 (N)	66.28	70.98	49.82	115	101	5.9
Southern Railway	5 (N)	32.11	30.21	15.21	100	76	6.6
N. Y., Chicago & St. Louis..	6 (C)	17.68	20.49	12.20	110	91	6.6
Colorado & Southern 1st.....	4 (N)	49.45	41.72	15.00	No	60	6.7
Chic., Rock Island & Pac. (6% Cum.)	6 (C)	23.60	25.14	13.60	102	88	6.8
Kansas City Southern.......	4 (N)	14.01	16.02	7.50	No	58	6.9
Colorado & Southern 2nd.....	4 (N)	45.46	37.72	11.00	No	56	7.1

Public Utilities

	Div. Rate $ per Share	Earned $ per Share 1928	1929	1930	Redeemable	Recent Price	Yield %
Public Service of New Jersey.	8 (C)	§20.92	19.04	24.44	No	156	5.1
So. California Edison "B"...	1½ (C)	3.28	3.61	3.63	28¾	28	5.4
Pacific Gas & Elec. 1st.......	1½ (C)	4.24	4.57	5.25	No	28	5.4
Philadelphia Co.	3 (C)	21.75	27.58	NF	No	55	5.5
North American Co..........	3 (C)	40.22	47.48	47.51	55	54	5.6
Columbia Gas & Electric "A"	6 (C)	30.78	33.95	26.86	110	108	5.6
Amer. Lt. & Traction........	1½ (C)	17.20	21.38	20.71	No	27	5.6
Elec. Bond & Share.........	6 (C)	18.43	29.11	31.24	110	108	5.6
American Water Works & El.	6 (C)	31.05	39.11	44.22	110	107	5.6
North Amer. Edison	6 (C)	53.15	47.48	47.51	105	105	5.7
National Pr. & Lt............	6 (C)	45.38	50.22	45.16	110	104	5.8
United Corp.	3 (C)	....	4.66	6.46	55	52	5.8
United Light & Power Conv...	6 (C)	....	15.42	NF	105	101	5.9
Buffalo, Niagara & East'n Pr.	1.6 (C)	4.52	5.19	NF	26¼	27	5.9
Engineers Publ. Serv. (w.w.)	5½ (C)	8.79	17.65	16.21	110	91	6.0
Standard Gas & Electric.....	4 (C)	14.07	20.39	20.95	No	65	6.2
Hudson & Man. R. R. Conv...	5 (N)	37.02	42.89	40.79	No	77	6.5
Electric Power & Light.....	7 (C)	17.00	19.02	13.39	110	107	6.5
Federal Light & Traction....	6 (C)	49.93	51.72	NF	100	90	6.7

Industrials

	Div. Rate $ per Share	Earned $ per Share 1928	1929	1930	Redeemable	Recent Price	Yield %
du Pont (E. I.) de Nemours deb.	6 (C)	69.06	78.54	55.22	125	123	4.9
Hershey Conv.	†5 (C)	16.25	21.36	24.24	No	102	4.9
Aluminum Co. of Amer......	6 (C)	14.04	17.19	NF	110	109	5.5
Mathieson Alkali Works......	7 (C)	84.50	93.91	84.68	No	125	5.6
Bethlehem Steel Corp.........	7 (C)	19.16	42.24	23.84	No	123	5.7
Stand. Brands, Inc., Cum. A..	7 (C)	123.40	129.41	111.03	120	122	5.7
Brown Shoe	7 (C)	85.27	44.11	35.31	120	118	5.9
Curtis Publishing	7 (C)	21.48	23.93	21.25	120	116	6.0
General Cigar	7 (C)	62.81	85.92	64.03	No	116	6.0
Case (J. I.) Thresh. Mach...	7 (C)	32.59	35.06	25.52	No	116	6.0
General Mills	6 (C)	18.70	18.86	20.03	115	99	6.1
Bucyrus-Erie	7 (C)	39.34	48.34	35.72	120	113	6.2
Bush Terminal Buildings.....	7 (C)	‡	‡	‡	120	113	6.2
Commerc. Investm. Trust 1st.	6½ (C)	45.50	81.92	90.87	110	102	6.4
Deere & Co.	1.40 (C)	5.90	9.64	5.20	No	22	6.4
American Sugar	7 (C)	14.60	15.40	12.60	No	108	6.5
Crucible Steel	7 (C)	22.54	32.65	16.18	No	99	7.1
Crown Cork & Seal..........	2.70 (C)	7.90	6.36	NF	45	33	8.2

C—Cumulative. N—Non-cumulative. § Earned on all pfd. stocks. ‡ Guaranteed unconditionally by Bush Terminal Co. † Regular rate, $4. NF—No figures available.

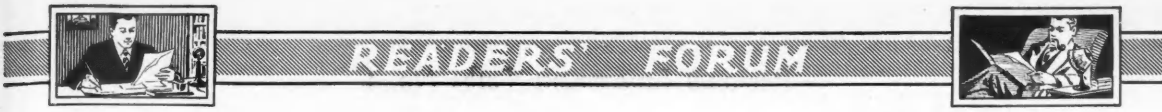
These include Skandinaviska Kreditaktiebolaget (one of the largest banks in Sweden), the Stockholm Mortgage Bank, and banks in France, Germany, Holland, Switzerland and Poland. Not only are investments in well managed banks usually profitable, but the institutions in question are in close touch with the financial plans of governments and other financial operations, and are able to make profits in syndicates.

The company's real estate holdings include large business buildings and apartment houses in various European countries. One of these, the Hufvudstaden Real Estate Co., is the largest owner of city real estate in Sweden. As in all of the other concerns in which Kreuger & Toll has holdings, full earning power of the properties are not reflected in the parent company's statement as all undivided equities above the dividends declared by these companies are retained by them.

Last year, the company acquired control of L. M. Ericsson Co. and thereby has taken a leading position in the world telephone field besides adding another industry to its already diversified activities. Ericsson not only manufactures and sells telephone and telegraph equipment, but also erects and operates telephone systems in various parts of the world. Recent figures show that the company has more than 175,000 subscribers in various countries.

Kreuger & Toll also engages in security trading operations, but because of widely varying conditions from year to year profits from this source are regarded as non-recurring. In 1929 net income after general expenses and interest on secured debentures amounted to $29,095,130 and of this approximately $14,200,000 may be regarded as recurring income. No final figures are yet available for 1930, but the company has estimated that profits of a recurring nature would not be less than $20,000,000. Net earnings were equivalent to $3.87 per American certificate in 1929 of which 3,148,479 were outstanding.

Kreuger & Toll is currently selling for about 27 at which price the dividend payments of $1.60 return a yield of slightly less than 6%. While the earnings are subject to considerable variation from year to year, it should also be remembered that earnings as reported do not include the undistributed earnings of the companies in which investments are held. If these were fully distributed, earnings for Kreuger & Toll would be considerably higher. Considering the character of the widely diversified interests of the company and the excellence of the management, the longer term outlook holds very favorable possibilities.



When is a "Speculation" an Investment?

An Up-to-Date Answer to an Old Question

By James N. McGill

Editor's Note.—*Some time ago* The Magazine of Wall Street *asked its readers to define the word "investment" in terms of their own experiences in investment matters. The following definition is particularly interesting, involving as it does the age-old attempt to distinguish between "investment" and "speculation" and emphasizes the varying significance which these two expressions have in different individual circumstances.*

"THE laying out of money in the purchase of some species of properties, especially as a source of income and profit," is the definition of an investment given in Webster's New International Dictionary.

William E. McGeehan of the *New York Herald-Tribune* staunchly defended the Notre Dame students a year or two ago when they wagered on the outcome of football games in which their team was engaged. Some people might have called it gambling, but he considered it an "investment." "Seward's folly," as the purchase of Alaska in 1867 was called, was an undoubted misnomer. The acquisition of a Croix de Guerre in a game of so-called African golf resulted in one young man acquiring a very good position for himself after coming back from France.

Investment, then, seems to be a very relative term. In the main, however, people laying out money for income are investing, while the same procedure for profit is usually called speculation. One definition given in The Magazine of Wall Street was that a man invests when he gets all the safety he possibly can, while he speculates when he takes any risk he cannot afford. On November 13, 1929, John D. Rockefeller is said to have bid $50,000,000 for one million shares of Standard Oil of New Jersey common. During that day of rapidly falling stock prices the above offer had all the earmarks of speculation. To an ordinary layman it would have been risky, but to the great oil magnate the element of danger was negligible.

The word best may also have a relative connotation when applied to investments. An investment in American Woolen twenty years ago might have been considered the best investment a man could make. Today, however, such an investment would belie the term; in fact it would be nothing short of reckless speculation. Again, an investment in the stock of the Radio Corp. of America in the days of its formation was considered a gamble. But in the past few years Radio skyrocketed to well over $500 when it was split 5 for 1. Then ten shares purchased at $20 per share would have been worth over $5,000. Five years ago the above transaction might have been considered speculative, but even at the current "depression" prices no original holder of this stock could be persuaded to regard it as anything but an A-Number-1 investment.

Therefore, in describing the best investment one has ever made not only must the past be taken into account, but the present must be considered in the light of the future.

With these preliminary remarks, it becomes necessary to state a few definite and concrete illustrations of a fitting investment, from the standpoint of one's own personal experiences. The writer asks the indulgence of other readers while he describes a series of "investments" made for his (now) six-and-one-half-year-old son:

1. Very shortly after the birth of the said offspring, he was insured in one of the strongest old-line insurance companies. This policy costs twenty-five cents per week with the face value of the contract $150 payable in fifteen years. At the age of four another such contract was taken out. This was all the insurance that could be purchased.
2. Two-and-one-half and five-dollar gold pieces given to the boy on birthdays and other occasions were deposited in the savings bank for him. For the first four years of his son's life, 10% of the fees received by the writer for officiating in athletic contests helped to eke out the above savings account.
3. At the age of three, ten shares in the Thrift Building and Loan Corp. were taken out at a cost of $10 per month.
4. An Adjusted Compensation Certificate amounting to $1,353 payable in 1945 was Uncle Sam's contribution to this fund.
5. With the utmost optimism and confidence in the future of America, the father then purchased for the account of his son ten shares of North American Trust at $10 per share. Admittedly the value of these shares have dropped, but eventually they will return to par and will probably pay a premium when the next split-up occurs in 1953. Incidentally a six months' dividend of $13.20, the highest dividend of the year of 1930 or in fact of any year that the writer recalls, has shown the results of careful choice.

The above program of investment for a boy who will be seven in March offers safety, diversity, possibilities of appreciation, and liquidity. No attempt is made here to portray this as the best investment anybody ever made. However, the writer feels that care and thought for the present, as well as provision for the future, have brought about at least an opportunity for the beginnings of his son's secondary education.

Personal Investment Talks No. 1

Three Phases of the Stock Market

Breaking Down Major Market Cycles Into Three Separate Phases Which Serve As a Broad Guide in Making Investments for Profit

By JOHN DURAND

INTRODUCING A NEW SERIES

This is the first of a series of articles by John Durand, author of several books on investment and trading practices, published by The Magazine of Wall Street, and a writer whose discussions of the technique of investing for profit have always proved immensely popular with our readers. The topic of his new serial is "Personal Investment Talks"—the articles to be published consecutively in the Readers' Forum. Comments, criticism and supplementary discussions on this topic are invited by the Readers' Forum Editor, with the view of publishing such articles or comment that seems to hold general interest for other readers.

IT should be recognized at the outset of this series of articles that profit seeking is the cornerstone of modern theories of investment, which is only another way of saying that the present generation proclaims quite frankly its belief in intelligent speculation, or in buying stocks with the avowed purpose of disposing of them at a higher price than that paid. One might go even further and point out that the only classes of investors who still look for income only, without thought of the profit possibilities in a stock or bond, are people who, by temperament or early training, are unfitted for speculation, or else institutions and fiduciaries who are prohibited by law from investing in common stocks.

To grey-haired graduates of the 3%-with-safety school of investing, this is merely another woeful product of a topsy-turvy world. In their days the profit motive in investment was regarded with as much disfavor as our Puritan ancestors looked upon happiness. Joy and profits were both sinful. The older generation was doubtless correct in believing that speculation was not, in their days, compatible with safety; yet the present generation is equally right in asserting that a thoroughly practical and a not excessively risky way to conserve one's principal, under modern conditions is to invest intelligently—and for profit. Uninformed guesswork is vastly different from intelligent buying for profit. Therein lies the explanation for these two opposing beliefs.

To the person who buys securities on tips and hunches without adequate knowledge of the business, investing for profit will always prove risky, but there is no excuse for this type of commitment. Of recent years information in the matter of banking, trade and industry, along with increasingly frequent and informative corporate reports, statistics has become available to all and is no longer the exclusive property of a privileged few. No one, now, need remain ignorant of the business prospect, the trend of industries or the position of companies, facts which, after all, are the foundation of security values, and which determine the broader movements of prices. It is recognized of course, that technical considerations and purely market factors may influence the short swings of price movements but the broader movements covering several months rest more on the industrial foundation and it is familiarity with these fundamentals which make for better understanding and surer profits in market operations. For those not versed in the trends of current business or who will not undertake to study them themselves, or accept the conclusions of recognized authorities, it is of course advisable to stick to the old plan of putting your funds into high grade bonds and preferred stocks which yield a conservative return of 3½% to 5½%. In what follows we shall assume, however, that you prefer to learn the method of investing for large profits, and this brings us to the main subject of our present article.

Psychological Market Forces

So far back as the records are available, we find that common stock prices have moved up and down like huge waves over paths that are usually referred to as "Major market cycles." It is hard to say just how many of these cycles there have been in the past; for authorities disagree as to which have been major movements and which only intermediate rallies and reactions. It is sufficient for the investor who is looking for large profits with maximum safety to bear always in mind that large and prolonged upward and downward swings in the general price level have occurred at intervals in the past and probably must be reckoned with in the future. Some stocks are affected less than others by the price cycle; but they all move in one and the same direction. Hence it is of first importance for the investor to become familiar with the characteristics of these big swings in order that he may safeguard his principal at the top and take advantage of the exceptional opportunities for future profit which are offered at the bottom.

For present purposes, the major market cycle may be divided into three phases according to the manner in which prices are influenced by the prevailing state of mind among people who buy and sell securities. By way of illustration we are using the major cycle of 1920-1930, which is most familiar to our readers; since all cycles are practically alike in the essentials about to be enumerated.

Three Phases of the Stock Market

The *First Phase* is characterized by close attention to business conditions and prospects. People have been disillusioned by the collapse in prices and in business activity, and the memory of hard times lingers for several years to instill caution and warn people to stick close to realities. During these years the market conforms closely to changes in the rate of manufacturing production, or else anticipates such changes a few months in advance. The accompanying graph shows how closely the stock market conformed with industrial conditions or prospects during the period from 1920 up to and including 1925.

In the *Second Phase* of a major bull market, which is illustrated on our graph by the two years, 1925 and 1926, the market begins to break away from both actual and prospective conditions in industry. The sharp rise in stock prices, for example, from the second quarter of 1925 to the second quarter of 1926, was out of all proportion to the modest gain in manufacturing production. But the advance had so weakened the market's technical condition that an abrupt drop, also unrelated to business conditions or prospects, followed the initial publication of brokers' loans early in 1926. The ensuing quick rebound, which carried the averages up to new heights by the close of 1926, was even less related to the slight and short-lived spurt in manufacturing output during the early fall.

During the *Third and Final Phase* which, in our illustration, was staged in 1927 and 1928, and came to its abrupt climax in October of the following year, we find a wholly irrational cleavage between common stock prices and economic conditions and prospects. The stock market then responds only to the unbridled imagination of a highly stock minded public which can picture no end to soaring prices and easy profits.

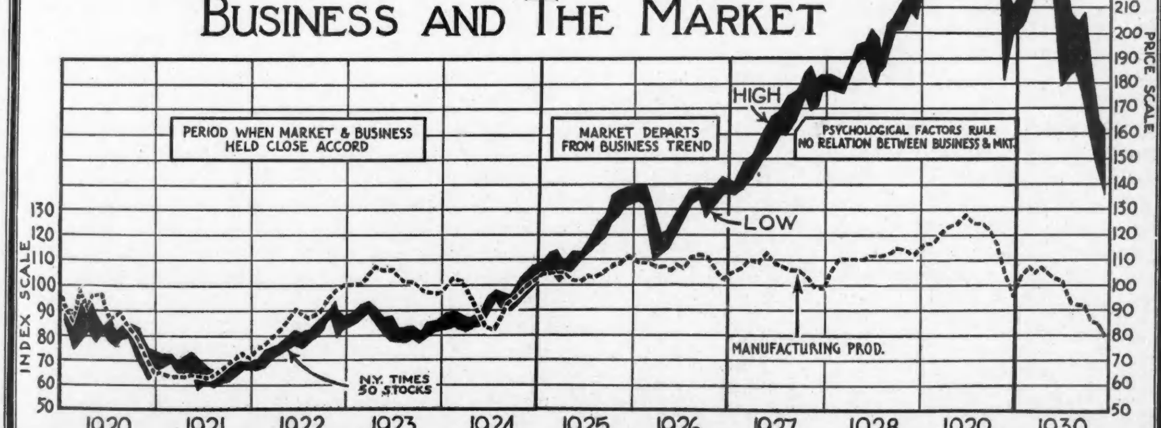
To quote from a highly illuminating article by C. G. Wyckoff in our issue of February 22, 1930: "The year 1929 opened with soaring prices in the face of high money and declining business in many industries, which increased in number as the year advanced. And when the stock market, which seemed to be seeking lower levels in June, 1929, soared to new and dizzier heights the following September, it seemed that we had surely reached the golden age, and anyone who doubted it was unquestionably out of step with the times. . . . . Logic was merely a word."

Then came the crash which ushered in the first phase of a new cycle and again brought the stock market back into alignment with actual business conditions and prospects.

The Present Phase and Its Opportunities

Following the collapse of 1929, there was a brief period of a few months during the late winter and spring of 1930, when the market again soared on the wings of hope, gayly unmindful of the stubborn refusal of industrial production to participate in the rise. It was the expiring flare up of an illogical mental habit that had been fostered in the speculative community by five years of disassociation with economic facts. The outcome was inevitable, and by summertime security prices were again back to earth and in reasonably close touch with business conditions. We had been treated to the spectacle of a miniature bull market which passed rapidly through all three of the typical stages and returned even more quickly to the first stage from which it had so recently started.

And so we find that, beginning with April of last year, the general averages have again been moving in reasonably close step with industrial output, and will probably continue to obey business conditions and prospects until the disciplinary effects of spankings received in 1929 and 1930 have been forgotten. Nearly all of our leading economists seem to agree that business conditions will soon begin to improve, if they have not indeed already touched bottom. If this view is correct, then the long pull trend of the stock market averages will be upward; for the prices of leading stocks must advance in step with improving business conditions—slowly and hesitatingly at first, but more rapidly later on. Setbacks in the general market, and sharp declines in individual issues or even groups of stocks, are to be expected from time to time in response to unfavorable news and would merely confirm the close relation between the market and business in this stage.



Unemployment Relief Through Stock Ownership

Readers State Their Views Concerning the Need for Better Investor Protection

Editor, Readers' Forum:

In the creation of a medium for the independent expression of opinions by investors of the nation, you certainly have done something worth while. All of us who are interested in the financial affairs of our great corporations frequently have a small voice of praise or discontent which we like to give vent to. Perhaps most of these are not of sufficient general interest to warrant publication anywhere. Some are, because they affect the interests of a great many others in a similar situation. For instance, there is a great deal written and talked of how the stock market crash precipitated business depression and threw men out of employment. I am sure that there are many hundreds of thousands, like myself, who have been helped through the depression by ownership of stocks. In the 1920 depression I learned a lesson. During the prosperity since that time I have used my spare funds to accumulate good stocks. During the current depression I have been able to get along without "charity" on the small but widely scattered stock interest in the great corporations of the country. Are there any figures to show how universal this situation is or is it just a good "guess" that stock ownership has been a great boon to real investors—if tragic for stock speculators? Very truly yours, T. R. U.

No carefully prepared statistics are available, but there are many "facts," if no figures, to indicate that stock ownership widely distributes the corporate income in the United States. For instance, five or six of the largest concerns have a total of about one million shareholders. There are undoubtedly a good many duplications among these particular lists of stockholders, but the "fact" still remains that the tendency of stock ownership is for smaller unit holdings and more stockholders. In the 1920 depression, these same corporations had about one-fourth the shareholders they have today. The best "guess" at the total number of stock and bond investors in the United States would be on the far side of ten million. Undoubtedly the wider distribution of wealth that this security ownership represents has an important economic effect of stabilizing the nation's purchasing power, because it supplements wages and salaries. The only flaw in this scheme of things is the fact that corporate earnings are larger during periods of prosperity—when the income is not badly needed by the "average man." In periods of depression, with its attendant evil of unemployment and wage curtailment, corporate prosperity also declines, frequently with such visual evidence as dividend reductions and bear market security values.

Stockholders' Rights

Editor, Readers' Forum:

I presume that I am only one of a great many readers who received a good deal of benefit and satisfaction from your recent discussion of stock exchange practices. The criticisms brought forth were fair, intelligent and constructive. But why not give a little thought to the limitations of the stock exchange in controlling the actions of those outside of its immediate membership? Every now and again there is a "flare-up" over the manner in which insiders exploit their position with the companies whose securities are traded on the exchange. These frequent law suits, stockholders' protests, etc., indicate that there must be a good deal more exploitation of "inside" positions than ever comes to the surface. It is well known that, in spite of regular financial statements, investors frequently fail to obtain important information concerning "inside" deals—often are misled by company reports to believe that their company is either stronger or weaker (as the case may be) than the ordinary financial statements show on their surface. Would it not be more important to the average stockholder if a few "reforms" could be started in this direction? In any event could you furnish me with the specific information as to how the investor can find out about stocks issued for "special considerations" during those long intervals between annual reports? Thanking you for your interest in readers' problems, I am, Very truly yours, T. G.

It seems only fair to state, that your assumption is a fairly broad one, that because certain company officials get into the limelight, there must be a good deal of exploitation of "inside" positions. Important stockholders usually make it a practice to keep themselves well informed on the activities of the company officials and are quick to criticise or call the management to account for their failings. Opposing factions in the management of a corporation are also more or less effective protection to minorities and frequently the bankers exercise supervision and watchfulness over the affairs of the company on behalf of their investment clients. Beyond this, the individual investor can best protect his interests by keeping himself as well informed as possible on the activities of the management of his company and selecting concerns which are directed by managements that have a good reputation for fair and equitable dealings with shareholders. The limitations of the stock exchange officials over this matter are not quite as narrow as you apparently believe. Although the stock exchange has found it impracticable to enforce a uniform system of accounting as far as earnings reports and financial statements of listed companies are concerned, they have fixed requirements that tend to expose important information for investors. For instance, corporations are required to state their policy and rate schedule for depreciation charges on various types of property owned, thus preventing unusually liberal or insufficient deductions for depreciation from passing by unnoticed. In addition, the exchange requires a statement of all new issuance of shares, specifying the amount of each new issue,

the purpose and the consideration received by the company. This has proved a valuable source of information to investors and a "check" on inside deals that otherwise would not come to the attention of interested parties.

How Much Interest?

Editor, Readers' Forum:

What is the rule that fixes the rate of interest which brokers charge customers on the latters' debit balances on margin accounts? My understanding is that this charge should be the average of call money renewals for the month, but from my own experience and that of friends, it seems that charges at present are somewhat higher than the 1½ per cent renewal rate that has prevailed for some time. What rate of interest is allowed on credit balances in short accounts? H. F. G.

There is no fixed rule that determines interest charges on debit balances in brokers' accounts, although the common practice is to fix a charge that is approximately the average cost of the firm's borrowings. This does not mean necessarily the call money rate, as the call money market is only one of several sources of credit available to brokers. Like other business firms, brokers with good credit standing can obtain an open line of credit from their banks. Even when call funds carry a very low interest rate, it is not necessarily good policy to disturb a desirable banking connection for the sake of lower rates elsewhere. Usually brokers do not pay interest on credit balances except by special arrangement. At the present time most stocks are loaning "flat" so that it is not possible to pay interest on credit balances created through customers' short transactions, in any event. Premiums, if incurred, are charged to the short customer's account.

What Is Non-Participating Insurance?

Editor, Readers' Forum:

I am carrying a $1,000 policy of term insurance written by the "B" Life Insurance Co. Under the terms of this policy I am entitled to convert into an ordinary form of policy without examination. On consulting the agent I find that a 20-pay life, non-participating policy at my age, 34, would cost $29.22.

Although I have other policies totalling $15,000, I do not understand exactly what is meant by "non-participating." Does this mean that no dividends are received? I have $10,000 of converted war risk insurance and $5,000 with the "A" company. The premium on the latter is about that asked by "B" Co., but the dividends are sufficient now to cover about a quarter of the premiums. Thus if no dividends are to be paid, the premium would seem high in comparison. Your opinion in the matter would be greatly appreciated. Do you not think it would be wiser to let the policy lapse and take out another policy of equal amount in the "A" Co.? A $2,000, 20-year endowment government policy will mature in about seven years. The interest on that will more than meet my other premiums so that I could easily handle more insurance. My income is about $4,000 annually and I am unmarried.

Yours truly,

A. W. D.

You ask what is meant by "non-participating." In very brief form, "non-participating" is a term denoting that there are no additional privileges under a policy from sharing in the surplus earnings of the company. Premiums are lower than those for participating policies.

Under *participating* policies, the policyholder is entitled to receive a share of surplus earnings. Premiums under this basis are computed in such a way that they will probably yield a surplus fund which is distributed among participating policyholders in proportion to the amount which each policy has contributed.

You have omitted to state at what age your policies in the Government (or "War Risk Bureau") Insurance and in the "A" Co. were taken out, nor do you state on what policy plan they are issued. Hence it makes it difficult to make a comparison between this coverage and that offered to you by the "B" Co.

We would say, however, that while the annual premium on a 20-payment life policy, at age 34, in the "B" Co. is $29.12 per $1,000 (non-participating basis), the annual premium for a similar policy at the same age and for the same amount in the "A" Co. (participating, and reducible by annual dividends after the first year) is $36.11. The policy of the "B" life is an endowment at age 85 if the insured lives to attain that age.

According to the actual dividend history of "A" Co. over the *past* 20 years, it took 6 years after the issue of the policy to reduce the premium by application of annual dividends to an annual net cost of $29.32—approximating but not equalling the non-participating rate of $29.12 of the "B" life. The 1930 dividend schedule of the "A" Co. for a policy on the same form, at the same age, and same amount, a dividend at the end of the first year, applicable to the second premium payment which would bring the net cost down to $28.34.

You will of course take into consideration the fact that dividend quotations over long periods of years can only be *estimates* of what may be expected in the future and figures are assumed but not guaranteed. The "A" Co., however, has shown attractive dividend returns under its policies, and has a reputation for fair and equitable treatment of its policyholders.

Minor Gains in First Quarter Business

Period Immediately Before Us a Critical One

PETROLEUM

Outlook Can Hardly Become Worse

IGNORING consideration of the enormous potential supply obtainable at a moment's notice, statistically the oil industry has improved its position in comparison with this time last year. The most recent drift, however, is again downward. Average daily crude oil output has been steadily upward since the first of the year, while gasoline stocks have also shown a similar tendency to increase, although this is more understandable in view of the summer demand. Marketing conditions are almost chaotic. Prices have been slashed here, there and everywhere. In fact the gloom surrounding every phase of the industry is so intense that worse could hardly be conceived and for this reason the earnest efforts of both the government and the industry itself to solve the many problems are the more likely to attain quick success. A similar argument appears reasonable in re-

(*Please turn to page* 786)

COMMODITIES*

(See footnote for Grades and Units of Measure)

	1930 High	1930 Low	Last*
Steel (1)	$34.00	$30.00	$30.00
Pig Iron (2)....	18.50	17.00	16.50
Copper (3)	0.17¾	0.09⅛	0.10
Petroleum (4)...	1.45	0.95	0.57
Coal (5)	1.65	1.40	1.55
Cotton (6)	0.17⅛	0.09⅛	0.11
Wheat (7)	1.46⅛	0.96⅞	0.93⅝
Corn (8)	1.19⅛	0.90⅛	0.79⅝
Hogs (9)	11.00	8.00	7.65
Steers (10)	16.50	10.75	10.75
Coffee (11)	0.10¼	0.07	0.05¾
Rubber (12) ...	0.16⅝	0.07⅝	0.07⅞
Wool (13)	0.34	0.28	0.29½
Sugar (15)	0.03⅝	0.03⅛	0.03¼
Sugar (16)	0.05¼	0.04¼	0.04⅝
Paper (17)	0.03⅛	0.03⅛	0.03⅛
Lumber (18) ...	20.33	15.03	15.44

* March 23, 1931.

(1) Billets, rerolling, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per lb.; (4) Mid-Continent, 36°, $ per bbl.; (5) Pittsburgh, steam mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 red, New York, $ per bushel; (8) No. 2 Yellow, New York, $ per bushel; (9) 220-240 lb. wts.; (10) Top, Heavies, Chicago, 100 lb.; (11) Rio No. 7, spot, c. per lb.; (12) First Latex Crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (15) Cuban, 96° duty paid, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.; (18) Yellow pine boards, f. o. b. per M.

THE TREND IN MAJOR INDUSTRIES

STEEL—The rate of steel ingot production for the country at large, which had been steadily gaining since the first of the year, appears to be leveling off and remains unchanged from last week at about 57% of theoretical capacity. The price situation is still somewhat precarious and recent advances for some specifications are yet to be tested. The present position of the steel industry is a critical one and dependent upon whether or not further improvement is made so it can be judged whether or not general business is making headway in its fight with depression.

MACHINE TOOLS—Actual purchases of machine tools have been somewhat disappointing and the various centers report widely different results. They are unanimous, however, in stating that inquiries have been more numerous and in their belief that the worst has now been seen.

RUBBER—Although a new low record price for crude rubber was recently made in London on the news that large Dutch producers had refused to participate in any new restrictive scheme, it is gratifying to see someone sensible to the evils of artificial business respiration. It may be forecast that if this attitude be continued rubber will eventually attain a much stronger position than many of the commodities now "pegged."

SILK—During 1930 the silk manufacturer allowed himself to drift into the old besetting sin of the cotton textile trade, whereby an immense yardage was sold, but all at a loss. There is now some evidence, however, that the futility of this operation is being recognized and future prospects are brighter than in some time.

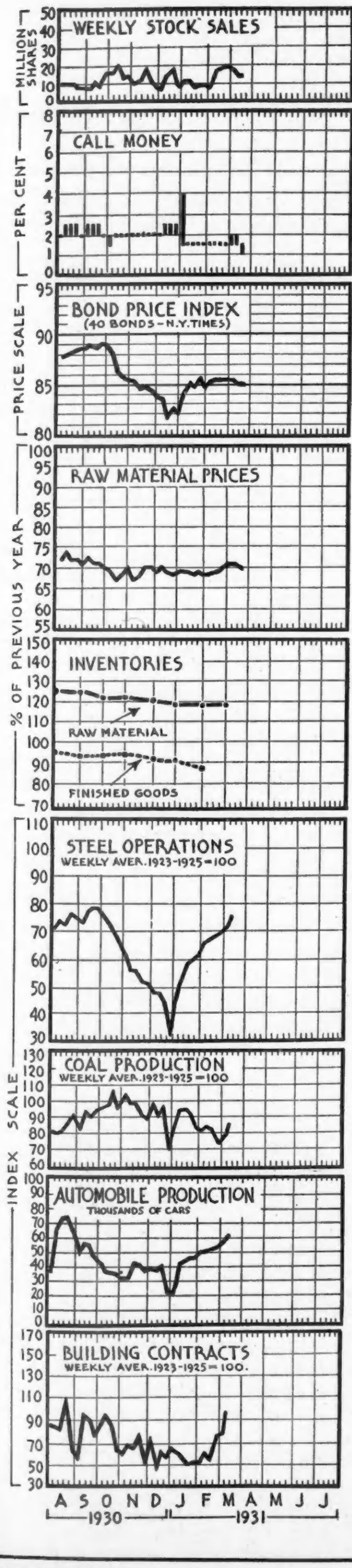
LEATHER—The hide market, reflecting in part the seasonal activity of shoe manufacturers, has been strong and active. Although more conservative quarters expect a technical reaction following the rapid rise it is nevertheless felt that the outlook has definitely changed for the better, a change incidentally which has been reflected in the stock market action of leather securities.

COPPER—Following the recent period of price unsettlement the copper market has turned dull but steady at the lower of the disputed price levels, namely, 10.30 cents a pound for export. This month there is to be a meeting of Copper Exporters, Inc., in order to fix world production quotas. Dissatisfaction with the manner in which certain South African producers have lived up to the last international agreement undoubtedly will also be aired.

AUTOMOBILES—The first thirty-eight states to report automobile registrations for February show a gain of but 1½% over January and a decrease of 35% compared with February last year. This was disappointing for the usual seasonal increase between January and February is estimated to be around 20%. A number of important states among them, New York and Michigan, however, have not yet been heard from and the final result for February may have to be materially revised.

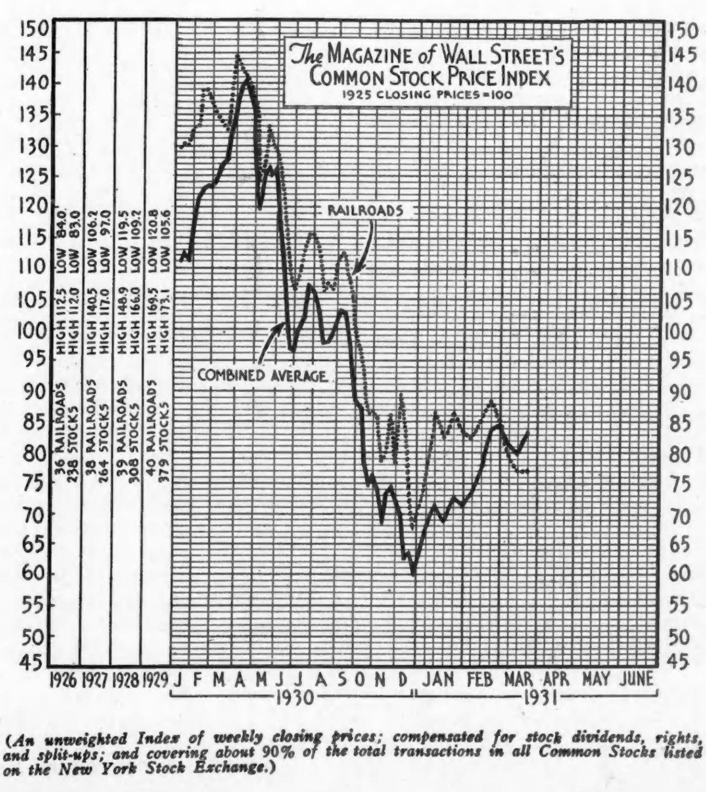
The Magazine of Wall Street's Indicators

Business Indexes



Common Stock Price Index

Number of Issues in Group	Group	1931 Indexes High	1931 Indexes Low	Recent Indexes Mar. 14	Recent Indexes Mar. 21	1930 Indexes Close	1930 Indexes High	1930 Indexes Low
405	COMBINED AVERAGE	84.4	62.2	79.8	83.4	62.2	140.7	59.9
5	Agricultural Implements	142.4	105.9	110.1	112.2	112.0	405.5	105.7
8	Amusement	121.2	88.5	110.3	117.3	83.5	272.0	85.6
22	Automobile Accessories	76.9	47.8	75.2	76.9	47.8	118.1	46.2
20	Automobiles	37.0	25.5	33.6	37.0	25.5	73.4	24.5
4	Aviation (1927 Cl.—100)......	74.2	39.9	67.9	72.2	39.9	153.1	35.4
3	Baking (1926 Cl.—100).......	38.4	23.3	34.2	36.5	23.3	74.2	23.3
2	Biscuit	212.8	185.5	204.6	211.2	185.5	248.1	179.6
5	Business Machines	162.2	128.6	145.8	145.2	128.6	262.7	123.5
2	Cans	188.5	157.0	181.7	187.0	157.0	226.0	151.8
8	Chemicals & Dyes............	157.8	121.7	146.5	144.6	126.0	248.5	124.3
3	Coal	71.8	35.4	59.3	58.9	35.4	107.9	34.4
22	Construction & Bldg. Material	73.7	48.3	65.3	72.9	48.3	121.8	46.2
12	Copper	92.4	70.4	83.8	83.8	70.4	211.7	67.0
2	Dairy Products	98.0	83.0	93.8	98.0	83.0	125.1	80.7
9	Department Stores	30.2	21.5	28.1	30.2	21.5	51.6	20.4
8	Drugs & Toilet Articles......	120.4	83.0	115.7	116.6	83.0	142.0	79.4
8	Electric Apparatus	149.3	115.8	137.6	145.0	115.8	239.1	114.9
4	Fertilizers	21.5	14.5	18.4	18.6	14.8	54.4	13.7
2	Finance Companies	91.3	74.3	89.4	91.0	77.6	148.4	68.5
7	Food Brands	80.1	64.4	77.4	80.1	64.4	98.5	62.1
4	Food Stores	83.0	50.3	75.3	83.0	50.3	124.6	50.0
4	Furniture & Floor Covering...	51.7	31.6	47.2	48.2	31.6	119.2	30.1
7	Household Equipment	45.5	29.9	44.4	45.5	29.9	92.5	28.6
10	Investment Trusts	89.5	61.0	83.3	85.2	61.0	184.9	58.9
3	Mail Order	96.3	52.3	91.9	96.3	52.3	170.0	51.5
39	Petroleum & Natural Gas....	69.2	52.4	60.6	60.9	52.4	142.5	50.9
8	Phono. & Radio (1927—100)..	68.8	37.2	64.6	61.6	37.2	175.2	36.8
20	Public Utilities	196.8	150.4	190.4	196.8	150.4	305.0	141.1
10	Railroad Equipment	73.1	57.8	70.0	71.4	57.8	115.4	55.5
33	Railroads	88.4	69.3	77.0	77.0	60.8	144.5	67.1
3	Restaurants	100.7	81.9	93.9	97.6	81.9	153.1	78.9
5	Shipping	38.0	28.9	31.5	31.7	28.9	88.8	28.9
2	Soft Drinks (1926—100)......	180.0	152.4	169.6	175.9	160.4	246.5	150.8
13	Steel & Iron..................	92.3	63.5	85.9	91.2	63.5	146.5	61.4
6	Sugar	18.9	12.5	14.7	18.9	12.5	45.1	12.2
2	Sulphur	218.0	170.3	202.7	214.7	170.3	366.7	163.0
3	Telephone & Telegraph.......	132.4	97.4	127.3	129.4	97.4	117.2	92.6
6	Textiles	46.0	23.7	41.4	46.0	23.7	70.5	21.1
7	Tire & Rubber...............	15.8	10.9	13.8	15.8	10.9	39.0	10.9
9	Tobacco	78.6	59.3	74.3	78.6	59.3	107.3	57.5
5	Traction	86.1	67.0	79.7	77.6	67.0	103.5	63.2
2	Variety Stores	75.2	68.5	73.9	75.2	68.5	88.7	66.5



(An unweighted Index of weekly closing prices; compensated for stock dividends, rights, and split-ups; and covering about 90% of the total transactions in all Common Stocks listed on the New York Stock Exchange.)

PERSONAL SERVICE SECTION

Answers to Inquiries

Our Personal Service Department is prepared to offer advice on any security in which you may be interested or on the standing and reliability of your broker. This service in conjunction with your subscription should represent thousands of dollars in value to you. It is subject only to the following conditions:

1. Be brief.
2. Confine your requests to *three securities only*.
3. Write name and address plainly.

Special rates upon request to those requiring additional service.

BORDEN CO.

With its high rating and excellent prospects Borden common does not seem to respond very strongly to the improved tone in the general market. What is retarding its price enhancement? I have 200 shares at 85. Shall I continue to retain?—B. C. D., Covington, Ky.

The compensation of conservative expansion is well illustrated in the accomplishments of Borden Co. from 1923 to and including 1930, during which period a steady upward trend of sales and net income has been in evidence. It is generally conceded that even in companies dealing in the necessities of life (food), such as Borden, the element of management is highly important. Carefully selecting properties for acquisition, and then purchasing only those from which a capital return may be obtained equal to or better than its present constituent units, the company has been able to gain one of the two leading positions in the industry, with practically no loss of earning power. Originally limited to fluid milk, cream, condensed milk, dried milk and evaporated milk, the company's line now includes ice cream, cheese, butter and poultry products, with extensive distribution in the United States and Canada. A recent development which is looked upon with a great deal of interest, is the distribution of orange juice by the company. Although still in the experimental stage, it is believed that should present operations in this field prove successful, much can be looked for from the department during ensuing years. Little more need be said regarding operations of the company, except possibly to reveal the gratifying results registered during last year, a period that will be remembered for its economic and industrial adversities. Net income amounted to $5.12 a share on 4,233,395 common shares ($25 par value) compared with $5.50 a share on 3,706,724 shares for the year ended December 31, 1929. Financial condition at the close of last year was strong, net working capital amounting to $42,231,940 compared with $35,265,102 on December 31, 1929. The shares, in our opinion, offer an attractive investment medium for participation in future growth of the dairy industry, and we see no reason for disturbing present holdings. On the contrary, we believe that moderate commitments made during recessions should prove profitable over a reasonable period of time.

BEECH-NUT PACKING CO.

How do you rate Beech-Nut Packing common at this time? What are the possibilities of this stock getting the strong sponsorship which it had in 1929? I have a considerable portion of my capital tied up in 200 shares which cost me 95.—M. E. F., Richmond, Ind.

Operations of the Beech-Nut Packing Co. have been widened considerably since organization about 31 years ago, products now carried including chewing gum, preserves, jelly, marmalades and confectionery, in addition to the original lines of bacon and ham. Growth of the enterprise is assured by the normal increase in population, since the majority of the products are not looked upon as luxuries in the average family. Due to a slight falling off in the food packing divisions, the net income for 1930 declined about 9% from 1929 levels, per share results equalling $5.51 and $6.03, respectively. The company has paid dividends without interruption since 1902, and the present annual $3 rate is considered secure. The Gold Dust Corp. holds a large stock interest in Beech-Nut Packing, and rumors have circulated in the past that a merger was being considered. While these reports have been denied, the company would be a desirable addition to any of the large food companies, and any merger would likely be on a basis favorable to Beech-Nut stockholders, because of the strength of the enterprise as an independent. Current operations are reported to be on a satisfactory basis and we believe that the issue is an attractive stock for holding over the longer term.

EASTMAN KODAK CO.

Will you please let me have your analysis of the outlook for Eastman Kodak common? On account of the low yield and now that I can get out about even I am thinking of switching 100 shares to another security. How do you feel toward this action?—M. M. K., Elizabeth, N. J.

Eastman Kodak Co. ranks as the dominating factor in the manufacture and sale of photographic equipment and supplies, including sound and color devices; operations, world-wide in

scope, approaching closely to a monopoly. Although the largest manufacturing unit is located in Rochester, N. Y., the company maintains plants in England, France, Germany, Hungary, and Australia. Distribution is accomplished through subsidiaries maintaining sales offices in 162 cities in 52 countries, while service stations for users of Cine-Kodak are located in over 52 cities throughout the world. The management has been aggressive in the development of its products and the sales and servicing thereof, which factor accounts for the comparative stability of earnings in recent years. Latest statement of earnings available is that for the calendar year 1929, when net income amounted to $9.57 a common share, compared with $9.60 and $9.61 for 1928 and 1927 respectively. Although depressed business conditions last year affected adversely some of the company's luxury lines, it is believed sales volume of the more staple products was maintained at fairly normal levels, with the result that 1930 earnings should compare favorably with those of the preceding year. The company recently announced the successful development of a new type of motion picture film, said to be about three times as fast as its predecessor. Through a newly formed subsidiary, the company plans to produce cellulose acetate yarns on a large scale for the textile trade. These innovations should augment future earning power of the company. We are favorably disposed toward the shares as a long term investment, and suggest that you retain your present holdings with a view toward further developments.

INGERSOLL-RAND CO.

Would you recommend the purchase of Ingersoll-Rand common around 170? I have been told that this stock is consolidating at this level for a run-up to 200. Do you know of any pending developments that would warrant such an advance?—S. N. D., Little Rock, Ark.

Ingersoll-Rand Co. occupies a leading position in the manufacture of pneumatic tools and compressed air machinery used in rock drilling, mining, tunnel and quarry work, and many branches of the steel industry. It also is an important factor in the production of oil and gas engines, as well as oil well gas compressors, and in conjunction with American Locomotive and General Electric, makes an oil-electric locomotive. Factories are strategically located in five cities of the United States and one city of Canada, while 62 sales offices are maintained throughout the world. Earnings record of the company reveals a steady upward trend since 1921 to and including 1929. Net results reduced to a per share basis on the common stock for the latter year amounted to $10.54 as compared with $7.87 for 1928. The annual report of the company for 1930 has not been published as yet, nor have interim earnings for any period during the year been reported. However, practically all industries upon which the company depends for its revenues were severely depressed, and full 1930 returns undoubtedly were well below those of the previous year. Moreover, prospects during the medium turn are not particularly favorable, and earnings are likely to remain retarded during the first half of the year, at least. Although the strong financial position justifies retention of its shares, the issue is not undervalued in comparison with probable earnings, and on this basis the shares cannot be regarded as one of the more outstanding purchases at this time.

PARAMOUNT PUBLIX CORP.

Yielding over 8% at current levels Paramount Publix common appeals to me. Is the dividend safe? I plan to buy 500 shares but want your judgment as to the fundamental merit of the stock. It seems undervalued in selling at eight times 1930 earnings.—C. L. P., Highland Park, Mich.

The activities of Paramount Publix Corp. include production, distribution and exhibition of motion pictures and allied amusement features. In addition, the company has identified itself with the legitimate stage and radio broadcasting, and operates an extensive chain of theatres in this country, Canada and Europe. Recently, the company has undertaken to produce advertising features for a number of important companies, a development which may contribute substantially to future earnings. Based on official estimates, earnings in 1930 amounted to $5.90 per share on 3,113,026 shares outstanding at the close of the year. This compares with $5.78 per share in 1929. This showing, gratifying in the light of the adverse circumstances of last year, does not fully reflect the important operating economies which are understood to have been effected. At the present time, the management is concentrating efforts on further cost reduction and in improving both the sound and theme quality of productions, which should have a desirable effect on current earnings. Affording an equity in one of the leading organizations in the motion picture industry, and selling at a level substantially less than ten times official estimates of 1930 earnings, and yielding an unusually liberal return, the shares of Paramount Publix combine a number of attractive features. While it is to be admitted that the motion picture industry is passing through a period of readjustment, Paramount is well equipped in every respect to cope with the situation without experiencing any serious difficulties. As the general situation improves, the shares will in all probability sell at a level giving more adequate recognition to the company's impressive record and prominent standing. However, in view of the speculative character of the issue, commitments should not be made in excessive amounts.

INTERNATIONAL BUSINESS MACHINES CORP.

What are the nearby prospects for International Business Machines common? Is a stock split-up in the offing? I have 100 shares at 210 and contemplate adding to my holdings around 175 if you approve.—W. W. L., Joplin, Mo.

The phenomenal growth of the International Business Machines Corp. since 1921 was continued last year, a period during which world-wide business was under the adverse influence of the depression. The report of the company for 1930 shows record net income of $7,357,816 or $11.53 a share, as compared with $6,705,966 or the equivalent of $11.03 a share on a smaller number of shares in the previous year. This gain indicates that earnings are relatively stable, but it was due chiefly to the sales efforts and the efficient management of the enterprise. The products of the company, which include tabulating machines, commercial scales, coffee and meat grinding machines, and various types of time devices, are distributed throughout the world. The financial position is entirely satisfactory and the capital structure of the company is simple. The 637,957 common shares are preceded only by funded debt which amounted to but $2,987,000. The bonded debt is being steadily retired. While demand for the company's products likely will be moderately lower in the first half of the current year, the inherent strength of the enterprise brightens the longer term outlook. In view of existing market conditions, an early split-up of the shares is unlikely, but we would not oppose gradual accumulation of the shares during reactionary periods.

RADIO-KEITH-ORPHEUM CORP.

In view of the greatly improved earnings reported for 1930, do you think Radio-Keith common is likely to be put on a dividend basis in the near future? I have 250 shares at 44. Would you advise averaging under 25?—G. E. B., Springfield, Ohio.

Progress of Radio-Keith-Orpheum Corp. since its inception has been little less than phenomenal, due primarily to the exceptionally strong affiliations of

(*Please turn to page* 780)

New York Stock Exchange

RAILS

	1929 High	1929 Low	1930 High	1930 Low	1931 High	1931 Low	Last Sale 3/25/31	Div'd $ Per Share
A								
Atchison	298⅝	195⅛	242½	168	203⅜	178⅛	189¼	10
Do Pfd.	104⅞	99	108⅜	100	107½	102½	106⅞	5
Atlantic Coast Line	209⅛	161	175½	95⅛	120	103½	104	10
B								
Baltimore & Ohio	145⅛	105	122⅜	55⅜	87⅞	68⅛	75½	5
Bangor & Aroostook	90⅜	55	84½	50⅛	66¾	56⅛	†60½	3½
Brooklyn-Manhattan Transit	81⅞	40	78⅜	55⅛	69⅜	58¾	65⅛	4
Do Pfd.	92⅝	76½	98⅜	83	94¼	85⅜	†93	6
C								
Canadian Pacific	265⅞	185	52¼	35¼	45⅜	38½	42⅛	2½
Chesapeake & Ohio	279¾	160	51⅜	32⅜	46½	39½	42½	2½
C. M. & St. Paul & Pacific	44⅞	16	26⅜	4¼	8⅞	5¼	7	..
Do Pfd.	68⅝	28½	46¼	7¾	15⅜	9½	11½	..
Chicago & Northwestern	108⅛	75	89⅞	28⅛	45½	33	38½	4
Chicago, Rock Is. & Pacific	143½	101	125⅛	45¼	65½	47¼	†60	5
D								
Delaware & Hudson	226	141½	181	130⅛	157¼	141	143½	9
Delaware, Lack. & Western	169¾	120¼	153	69⅛	102	76½	78	6
E								
Erie R. R.	93½	41½	63⅜	22⅛	39¾	28	30⅜	..
Do 1st Pfd.	66¼	55½	67⅜	27	45½	39	41¼	4
G								
Great Northern Pfd.	128¼	85¼	102	51	69¾	58½	65	5
H								
Hudson & Manhattan	58⅜	34½	53⅜	34⅞	44½	37	41¾	3½
I								
Illinois Central	153½	116	136¾	65¾	89	69⅝	74	7
Interborough Rapid Transit	58⅜	15	39½	20⅜	34	24½	28	..
K								
Kansas City Southern	108⅞	60	85⅝	34	45	35	39⅞	5
Do Pfd.	70½	63	70	53	64	53	58⅛	4
L								
Lehigh Valley	102¼	65	84⅞	40	61	52	54	2½
Louisville & Nashville	154¾	110	138½	84	111	90⅛	96	7
M								
Mo., Kansas & Texas	65¾	27⅛	66⅝	14⅞	26¾	18¼	21⅝	..
Do Pfd.	107½	93⅞	108⅜	60	85	70	79½	7
Missouri Pacific	101⅜	46	98½	20⅜	42¾	30½	†32	..
Do Pfd.	149	105	145½	79	107	86½	92½	5
N								
New York Central	256½	160	192¾	105⅛	132¼	108¼	112¾	6
N. Y., Chic. & St. Louis	192⅜	110	144	73	88	71⅛	72	6
N. Y., N. H. & Hartford	132½	80⅞	128⅛	67⅝	94⅞	75	89¼	6
Norfolk & Western	290	191	265	181½	217	196	199	12
Northern Pacific	118⅞	75⅛	97	42⅜	60⅞	47¼	53½	5
P								
Pennsylvania	110	72½	86⅝	53	64	55⅞	59	4
Pere Marquette	260	140	164½	76½	85	65	65	6
Pittsburgh & W. Va.	148¾	90	121¾	48½	86	59¾	†63	6
R								
Reading	147¾	101½	141½	73	97½	72½	†75	4
Do 1st Pfd.	50	41½	50½	44½	46	45	†45	2
S								
St. Louis-San .Fran.	133¾	101	118⅞	39¾	62¾	35	41	..
St. Louis-Southwestern	115¾	50	76¾	18	33½	23	†24½	..
Seaboard Air Lines	21¾	9⅛	12½	⅛	1⅜	⅛	⅞	..
Do Pfd.	41¾	16¼	28	⅛	2⅛	1	1¼	..
Southern Pacific	157½	105	127	88	109½	92¾	99⅞	6
Southern Railway	162⅛	109	136¾	46½	65⅞	47¾	53¾	8
Do Pfd.	100	93	101	76	83	76	†75	5
U								
Union Pacific	297⅝	200	242¾	166⅛	205⅛	179¾	190½	10
Do Pfd.	85½	80	88⅜	82¼	86¾	83⅜	86½	4
W								
Wabash	81⅜	40	67⅜	11⅛	26	16¼	†17½	..
Do Pfd. A	104⅞	82	89¼	39	51	33	†32	..
Western Maryland	54	10	36	10	19⅝	13¼	16⅛	..
Do 2nd Pfd.	53⅛	14⅝	38	11¼	20	16	†15½	..
Western Pacific Pfd.	67¾	37½	53½	23	31⅝	16	†25	..

INDUSTRIALS AND MISCELLANEOUS

	1929 High	1929 Low	1930 High	1930 Low	1931 High	1931 Low	Last Sale 3/25/31	Div'd $ Per Share
A								
Adams Express	34	20	37⅝	14¼	23½	16⅛	21¼	1.60
Air Reductions, Inc.	223⅜	77	156⅜	87½	109⅜	92½	98¾	4½
Allegheny Corp.	56½	17	35¼	5¾	12¾	7¾	10	..
Allied Chemical & Dye	354¾	197	343	170¼	182⅝	147¼	154½	6
Allis Chalmers Mfg.	75½	35¼	68	31¼	42⅜	32⅞	37½	3
Amer. Brake Shoe & Fdy.	62	40½	54⅝	30	38	32	†34⅝	2.40
American Can	184½	86	156½	104⅝	129½	106¼	128	5
Amer. Car & Fdy.	106½	75	82½	24⅛	38⅜	27	33⅛	3
Amer. & Foreign Power	199½	50	101¾	25	51¾	26¾	46¼	..
American Ice	54	29	41⅞	24½	31⅝	23¾	29½	3
Amer. International Corp.	96¾	29½	55⅝	16	26	18⅛	20⅝	..
Amer. Mchy. & Fdry.	279¾	142	45	29¾	42⅜	31	39½	1.40
Amer. Power & Light	175¾	64¼	119⅜	36½	64⅞	45	58	1
Amer. Radiator & S. S.	55⅜	28	39¾	15	21½	15½	19⅞	1
Amer. Rolling Mill	144⅝	60	100⅞	28	37⅝	26½	32	..
Amer. Smelting & Refining	130¼	62	79½	37½	58½	40½	49½	4
Amer. Steel Foundries	79⅞	35¾	52¼	23¼	31⅛	26	27⅞	3
American Stores	514	120	55¼	36½	46⅛	37	47	2½
Amer. Sugar Refining	94¾	56	69⅞	39¼	60	42⅜	58¼	5
Amer. Tel. & Tel.	310½	193¼	274¼	170⅜	201⅜	176¼	195⅝	9
Amer. Tobacco Com.	232¼	160	127	98½	120½	104	117⅝	6
Amer. Water Works & Elec.	199	50	124⅞	47⅝	86⅜	68⅜	72⅞	3

Price Range of Active Stocks

INDUSTRIALS AND MISCELLANEOUS *(Continued)*

	1929		1930		1931		Last Sale	Div'd $ Per
	High	Low	High	Low	High	Low	3/25/31	Share
A								
Anaconda Copper Mining	140	67¼	81½	25	43¼	29¾	37⅛	2½
Arnold-Constable Corp.	40⅞	6¼	13¾	3½	7⅜	3⅝	†7	..
Assoc. Dry Goods	70¾	25	50½	19	29⅝	22	27¼	2½
Atlantic Refining	77⅞	30	51⅜	16⅝	23⅝	18	19¾	1
Auburn Auto	85	40	263¾	60⅝	251½	101½	239	4
B								
Baldwin Loco. Works	66⅝	15	38	19⅝	27⅞	20¾	27	1¾
Barnsdall Corp. Cl. A	49⅛	20	34	8⅝	14½	11¼	12¼	1
Beech Nut Packing	101	45	70⅛	46⅝	60	50	58½	3
Bendix Aviation	104⅜	25	57⅜	14¼	25½	16⅞	23½	1
Best & Co.	60⅞	25	56¼	30⅜	46¼	32¼	45½	2
Bethlehem Steel Corp.	140¾	78¼	110¼	47⅜	70⅜	45⅝	63½	6
Bohn Aluminum	136¾	37	69	15¾	37½	20¾	36¼	1½
Borden Company	100½	53	90⅜	60½	76½	67½	75¾	3
Borg-Warner	86⅞	26	50½	15	30¾	20⅝	29½	1
Briggs Mfg.	63½	8½	25⅜	12½	22⅜	16½	22½	1¾
Burroughs Adding Mach.	96⅞	29	51⅞	18⅜	32¼	21½	30⅜	1½
Byers & Co. (A. M.)	192⅞	50	112⅜	33½	69¾	37⅝	56½	..
C								
California Packing	84⅞	63½	77½	41¼	53	42¾	44½	4
Calumet & Arizona Mining	136¾	73½	89⅞	28⅝	43⅜	36¾	41	..
Calumet & Hecla	61⅞	25	33⅜	7¾	11⅜	8	†9½	..
Canada Dry Ginger Ale	98¾	45	75⅜	30½	40¼	29⅞	38¼	3
Case, J. I.	467	130	362¾	83½	131½	81¾	114½	6
Caterpillar Tractor	61	50¼	79¾	22	52½	26⅞	46½	4
Cerro de Pasco Copper	120	52¼	65⅜	21	30½	22½	26	2
Chesapeake Corp.	92	42½	82½	32¼	54½	40	46¾	3
Childs Co.	75⅞	44¼	67⅝	22⅞	33¾	25½	31½	2.40
Chrysler Corp.	135	26	43	14½	25¾	15⅞	24½	1
Coca-Cola Co.	154½	101	191⅝	133¼	170	142½	162⅞	7¼
Colgate-Palmolive-Peet	90	40	64⅞	44	50½	47	49	2½
Colorado Fuel & Iron	78½	27¾	77	18¾	32¼	21⅞	25½	1
Columbian Carbon	344	105	199	65½	111⅝	73½	86	6
Colum. Gas & Elec.	140	52	87	30⅝	45⅝	33¼	43¾	2
Commercial Credit	62⅝	18	40¾	15½	23¼	18½	21	2
Commercial Solvent	63	20½	38	14	21½	15½	19½	1
Commonwealth Southern	24¾	10	20½	7½	12	8	11	.60
Consolidated Gas of N. Y.	183¼	80½	136⅞	78¼	109⅝	82½	106⅝	4
Continental Baking Cl. A	90	25¼	52½	16¾	30	17¾	22½	..
Continental Can, Inc.	92	40½	71⅝	43½	62¼	47	61½	2½
Continental Oil	47½	18	30½	7¾	12	9⅛	9½	..
Corn Products Refining	126⅜	70	111⅜	65	86⅝	76½	83½	3½
Crucible Steel of Amer.	121¾	71	93⅝	50½	63	48	50⅜	..
Cudahy Packing	67⅞	36	48	38½	48⅞	41	47½	4
Curtis Publishing	132	100	126½	85	100	89⅞	91½	7
Curtiss Wright, Common	30½	6⅝	14⅞	1¾	5⅞	2⅝	5	..
Curtiss Wright, A	37⅞	13¼	19¾	3	8½	3⅞	7¼	..
D								
Davison Chemical	69⅛	21¼	48⅝	10	23	13½	19¼	..
Drug, Inc.	126½	69	87⅞	57⅝	78¾	61½	76	4
Du Pont de Nemours	231	80	145¼	80⅛	107	83¼	102⅞	4
E								
Eastman Kodak Co.	264¾	150	255¼	142½	185¾	143⅜	170¼	8
Eaton Axle & Spring	76¾	18	37¼	11⅝	21⅞	13¾	20¾	1.60
Electric Auto Lite	174	50	114⅞	33	74⅜	50⅝	69½	6
Elec. Power & Light	86⅝	29½	103½	34¾	60¾	38⅜	57¾	1
Elec. Storage Battery	104½	55	79¼	47½	68	50⅞	65	5
Endicott-Johnson Corp.	83⅜	49¼	59⅝	36⅞	41	30	†35	5
F								
Firestone Tire & Rubber	37	24½	33⅛	15½	19⅜	16	†17	1
First National Stores	90	44½	61⅜	38⅝	55	41	54¼	2½
Foster Wheeler	95	33	104½	37½	64½	41½	59½	2
Fox Film Cl. A	105⅝	19½	57⅜	16⅛	38⅜	25¾	37⅝	4
Freeport Texas Co.	54⅞	23¾	55½	24½	43¼	28½	39¼	3
G								
General Amer. Tank Car	123½	75	111⅞	53½	78½	57⅝	69¼	4
General Asphalt	94¾	42¼	71⅛	22⅝	46	24¼	46	3
General Electric	403	168⅛	95⅜	41½	54¾	41⅜	52⅛	1.60
General Foods	81¾	35	61¼	44⅜	55¾	47¾	54½	3
General Mills	89⅛	50	59⅛	40⅛	50	44	48¾	3
General Motors Corp.	91¾	33½	54¼	31½	48	35¼	46½	3
General Railway Signal	126½	70	106⅞	56	84⅛	68	77	6
General Refractories	88½	50	90	39	57⅜	40	49¼	4
Gillette Safety Razor	143	80	106⅛	18	34⅞	21½	31⅝	..
Gold Dust Corp.	82	31½	47⅞	29	42⅛	31¼	40⅞	2½
Goodrich Co. (B. F.)	105¾	38¼	58½	15¼	20⅞	15¼	18½	..
Goodyear Tire & Rubber	154½	60	96⅞	35½	52¾	38⅜	48	5
Granby Consol. Min., Smelt. & Pr.	102⅞	46¼	59⅞	12	22⅝	15½	20⅜	2
Grand Union	32⅞	9⅛	20⅝	10	18⅞	10⅝	18	..
Great Western Sugar	44	28	34½	7	11⅞	7¾	10⅞	..
Gulf States Steel	79	42	80	15	37½	18⅝	†31	..
H								
Hershey Chocolate	143⅞	45	109	70	101¾	87	100	5
Houston Oil of Texas	109	23	116⅞	29¼	68½	35¼	60½	..
Hudson Motor Car	92¼	33	62⅞	18	26	18⅝	23¼	1
Hupp Motor Car	82	18	26⅝	7½	13⅛	7¾	11⅝	..
I								
Inland Steel	113	71	98	58	71	59⅝	66	4
Inter. Business Machines	225	109	197½	131	179¾	145½	168	6
Inter. Cement	102¾	48	75⅜	49½	62½	49⅝	54	4
Inter. Harvester	142	65	115¾	45¼	60½	48	55½	2½
Int. Match Pfd.	102½	47	92	52¼	73¼	55	69	4
Inter. Nickel	72¾	25	44⅜	12¾	20½	13⅞	19	.60
Inter. Tel. & Tel.	149¼	53	77⅜	17⅛	38¾	18¾	37⅝	2
J								
Jewel Tea	84½	45	66½	37	57½	39¼	54	4
Johns-Manville	242¾	90	148⅜	48¾	80¾	52½	77	3
K								
Kennecott Copper	104⅞	49⅝	62¾	20½	31½	22½	28	2
Kresge Co. (S. S.)	57½	28	36¾	26½	27⅞	25	27	1.60
Kreuger & Toll	46⅝	22½	35⅜	20⅝	27¾	20⅞	27¾	1.60
Kroger Grocery & Baking	122½	38¼	48⅛	17½	34⅞	18	32¼	1

New York Stock Exchange Price Range of Active Stocks

INDUSTRIALS AND MISCELLANEOUS *(Continued)*

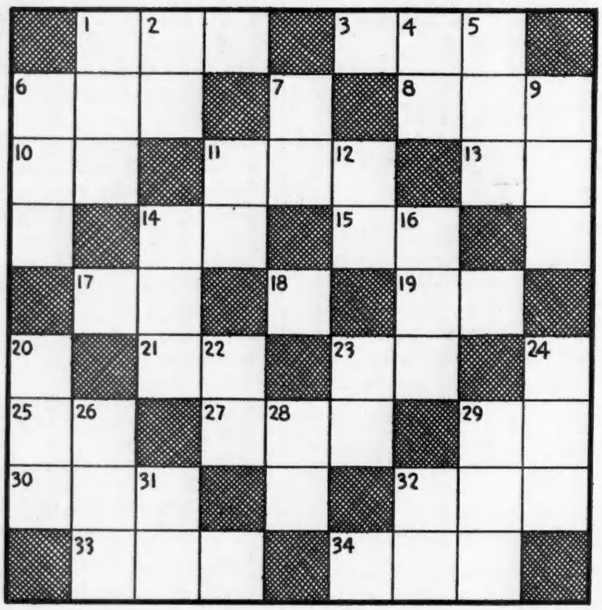
	1929		1930		1931		Last Sale 3/25/31	Div'd $ Per Share
	High	Low	High	Low	High	Low		
L								
Lambert Co.	157¼	80⅛	113	70⅝	87⅞	77⅛	85⅛	1
Lehn & Fink	68⅛	28	36	21	34¾	24	33	3
Liggett & Myers Tob. B	106	80¼	114⅝	78¼	91¾	83	89¼	5
Liquid Carbonic	113⅞	40	81⅞	39	55⅛	41⅜	42½	4
Loew's, Inc.	84½	32	95¾	41⅜	63½	45¼	58⅝	3
Loose-Wiles Biscuit	88⅝	39⅛	70¼	40¼	54⅞	43¾	54½	2.80
Lorillard	31⅛	14¼	28⅛	8¾	20⅛	11⅝	18⅝	..
M								
Mack Truck, Inc.	114⅝	85½	88⅛	38⅝	43⅞	35¾	40⅝	3
Macy (R. H.)	255½	110	159¼	81⅝	106¼	83	100⅛	3
Magma Copper	82½	35	52½	19¼	27⅝	20¼	22	2
Marine Midland	..	..	32½	17¾	24¼	19⅝	22¼	1.20
Mathieson Alkali	72⅝	29	51⅝	30⅛	31½	23⅛	26¼	2
May Dept. Stores	108½	45⅛	61⅜	27¾	39	28⅝	37¾	2½
McKeesport Tin Plate	82	54	89½	61	102½	71½	101⅜	5
Mont. Ward & Co.	156⅞	42⅝	49⅞	15⅛	29¼	15¾	26⅝	..
N								
Nash Motor Co.	118⅞	40	58⅛	21¼	40⅞	27¼	39	4
National Biscuit	236¾	140	93	68⅝	83¾	76	82	2.80
National Cash Register A	148¾	59	83½	27⅝	39¾	28¼	31	3
National Dairy Prod.	86½	36	62	35	50¾	38¼	50	2.60
National Lead	310	129¼	189½	114	132	118½	124¾	5
National Power & Light	71⅜	23	58⅝	30	44¼	31⅝	48¼	1
North American Co.	186¾	66½	132⅞	57¼	90¼	63	87	§10%
O								
Otis Elevator	55	22¼	80⅝	48¼	58½	52¼	55½	2½
Otis Steel	55	22¼	38⅛	9½	16⅝	10	14¼	..
P								
Pacific Gas & Electric	98¾	42	74⅞	40½	54⅞	45¼	53⅝	2
Pacific Lighting	146½	53⅛	107⅞	46	69¼	50¼	67⅛	3
Packard Motor Car	32½	13	23⅝	7¼	11⅞	8¾	10	.60
Paramount Publix	75¼	35	77¼	34¾	50¼	36⅝	46¼	4
Penney (J. C.)	105¼	66	80	27⅝	39⅝	28⅛	36¾	2.40
Phillips Petroleum	47	24¼	44¾	11½	16⅝	10⅞	11⅝	..
Prairie Oil & Gas	65⅝	40½	54	11¼	20⅝	12⅜	14⅜	2
Prairie Pipe Line	65	45	60	16⅝	26½	17⅞	21⅜	3
Procter & Gamble	98	43⅛	78⅞	52⅝	71¼	63	69¼	2.40
Public Service of N. J.	137¾	54	123¾	65	96½	72	92⅜	3.40
Pullman, Inc.	99¼	73	89⅜	47	58½	49⅜	51¼	4
Pure Oil	30⅜	20	27¼	7⅝	11⅞	8¾	9	..
Purity Bakeries	148⅝	55	88⅞	30	55⅛	38	50	4
R								
Radio Corp. of America	114¾	26	69⅝	11⅝	27½	12	26¼	..
Radio-Keith-Orpheum	46⅞	12	50	14⅝	24½	15¾	24¼	..
Remington-Rand	57⅜	20⅜	46½	14⅛	19¾	14⅛	14¾	..
Republic Steel	146¼	62¼	79½	10½	25⅜	12	22⅛	..
Reynolds (R. J.) Tob. Cl. B	66	39	58⅝	40	53	40⅝	51½	3
Royal Dutch	64	48⅛	56½	36⅞	42⅝	37¼	38⅛	1.34
S								
Safeway Stores	195¼	90⅛	122⅝	38¾	65¼	38⅝	62¼	5
Sears, Roebuck & Co.	181	80	100⅝	43⅛	63¼	44⅞	58¾	2½
Shell Union Oil	31¾	19	25½	5¼	10¼	7⅜	7¾	..
Simmons Co.	188	59½	94⅞	11	23⅜	14⅜	18	..
Sinclair Consol. Oil Corp.	45	21	32	9⅝	15⅞	10⅛	13¼	1
Skelly Oil Corp.	46½	28	42	10½	12⅞	8½	9	..
So. Cal. Edison	93¼	45⅛	72	40½	54½	45⅝	51½	2
Standard Brands	44⅜	20	29¼	14⅛	20½	16¼	20	1.20
Standard Gas & Elec. Co.	243⅝	73½	129¼	53⅛	88⅜	58	83¾	3½
Standard Oil of Calif.	81⅞	51½	75	42¼	51⅜	45	45¼	2½
Standard Oil of N. J.	83	48	84⅞	43⅛	52½	44⅝	45⅜	2
Standard Oil of N. Y.	48⅝	31¾	40⅝	19⅝	26	21⅞	22⅛	1.60
Stewart-Warner Speedometer	77	30	47	14⅜	21⅞	14⅛	19⅝	..
Stone & Webster	201½	64	113⅝	37½	54½	37¾	52⅜	3
Studebaker Corp.	98	38¼	47¼	18⅛	25⅝	20¼	24⅝	1.20
T								
Texas Corp.	71⅞	50	60¼	28¼	36¼	29⅝	29⅝	3
Texas Gulf Sulphur	85¼	42½	67⅝	40¼	55⅜	45¾	51½	4
Tide Water Assoc. Oil	28½	10	17⅝	5⅞	9	6½	6¾	.60
Timken Roller Bearing	139⅝	58⅛	89¼	40⅝	59	43	57	3
U								
Underwood-Elliott-Fisher	181⅞	82	138	49	75¾	51⅛	†67½	5
Union Carbide & Carbon	140	59	106⅜	52½	73	55⅛	68¾	2.60
United Aircraft & Trans.	162	31	99	18⅝	37⅜	22⅛	36⅝	..
United Corp.	75½	19	52	13⅞	31¼	16½	29¾	.75
United Fruit	158¼	99	105	46½	67¾	51¼	64½	4
United Gas Imp.	59⅝	22	49⅜	24¼	37½	27⅜	35⅝	1.20
U. S. Industrial Alcohol	243⅝	95	139⅝	50½	77⅝	51	51	6
U. S. Pipe & Fdy.	55⅝	12	38¼	18⅛	36⅛	27⅝	35¾	2
U. S. Realty	119½	50⅛	75½	25	36¾	26¼	32⅜	3
U. S. Rubber	65	15	35	11	20⅜	11¾	18⅜	..
U. S. Smelting, Ref. & Mining	72⅞	29⅞	36½	17½	25⅝	18½	23	1
U. S. Steel Corp.	261¾	150	198¾	134⅜	152⅝	137⅞	146⅛	7
V								
Vanadium Corp.	116½	37⅛	143¼	44⅝	76¾	45⅛	75¼	3
W								
Warner Brothers Pictures	64½	30	80¼	9⅝	20⅝	11⅝	14	..
Western Union Tel.	272¼	155	210¾	122½	150⅜	130	135¾	8
Westinghouse Air Brake	67⅜	26⅛	52	31¼	36⅛	33	34½	2
Westinghouse Elec. & Mfg.	292⅝	100	201½	88⅛	107⅜	82⅝	91¼	4
White Motor	53⅛	27⅛	43	21⅝	26¼	20½	21	1
Woolworth Co. (F. W.)	103⅝	52¼	72⅝	51⅛	65¾	54⅜	64¾	2.40
Worthington Pump & Mach.	137⅝	43	169	47	106⅞	59⅝	94½	..
Y								
Youngstown Sheet & Tube	162	91	150⅛	69½	77	73	†72	4

† Bid price. § Payable in stock.

How Well Do You Know Your Ticker Symbols?

Solve The Magazine of Wall Street's Cross Word Puzzle and Find Out

The puzzle outlined below is made up entirely of the ticker symbols of the companies given. All stocks are listed on the New York Stock Exchange. Solving this and subsequent puzzles will prove an interesting demonstration of your ability to read the tape and has the practical advantage of widening your knowledge of the most frequently used ticker abbreviations. The correct solution and the next puzzle will appear in the following issue.



ACROSS

1 Adolph Gobel, Inc.
3 General Gas & Electric
6 Gotham Silk Hosiery
8 Gamewell Co.
10 Great Northern Iron Pipe Co.
11 Gould Coupler Co.
13 Foundation Co.
14 Freeport Texas
15 Electric Storage Battery
17 Chicago Great Western R.R.
18 Consolidated Gas
19 Chicago Rock Island R.R.
21 Colorado Fuel & Iron
23 Guantanamo Sugar
25 Paramount Lasky Corp.
27 International Agr. Corp.
29 Gimbel Bros.
30 General Cable Co.
32 International Silver Co.
33 Mexican Seaboard Oil Co.
34 Great Western Sugar Co.

DOWN

1 Graham Paige Motors
2 General Motors
4 Goodrich Co.
5 Safeway Stores
6 Goodyear Tire & Rubber Co.
7 Gulf, Mobile & Northern
9 Coty, Inc.
11 General Amer. Tank Car
12 Chicago & Eastern Ill. R.R.
14 Foster Wheeler Corp.
16 General Railway Signal Co.
20 U. S. Freight Co.
22 Fairbanks Co.
23 General Electric Co.
24 Firestone Tire & Rubber Co.
26 Procter & Gamble Co.
28 Granby Cons. M. S. & P. Co.
29 Grand Stores Co.
31 Norfolk & Southern Ry.
32 American Ice Co.

Solution to Puzzle in Last Issue

Answers to Inquiries

(Continued from page 775)

the company and aggressive management. It is a completely integrated unit in the motion picture industry, controlling, through ownership or lease, about 200 outlets for its productions. All of the company's Class "B" stock (500,000 shares) is owned by R. C. A. Photophone, Inc., which company is controlled jointly by Radio Corp. of America, General Electric Corp. and Westinghouse Electric & Mfg. Corp. Thus, the company may be expected to benefit from any new developments relating to the production of sound pictures, which may be perfected in the laboratories of these enterprises. Through a half interest in Trans-Lux Movie Corp., it expects to add to its present chain of theatres. A development which should prove an important factor upon completion, is the modern amusement and theatrical center in New York City, now under construction. Results of operations last year were gratifying when consideration is given to general business conditions during the year. Net income amounted to $3,385,628 or $1.45 a share of Class "A" stock compared with $1,669,564 or 92 cents a share, on a smaller capitalization in 1929. Prospects for the current year are favorable, and it is believed earnings for 1931 will surpass those of last year by a comfortable margin. Although dividend action on the Class "A" stock is not anticipated during the early future, the issue offers, in our opinion, an attractive speculative medium for participation in the growth of the motion picture industry.

VANADIUM CORP. OF AMERICA

Selling at more than 20 times its 1930 earnings is it dangerous to continue to hold 150 shares of Vanadium common for which I paid 120? Would you advise switching into the convertible debentures recently issued by this company?—J. E. F., Aurora, Ill.

Because of the decline in activity of the industries served by the Vanadium Corp. of America last year, earnings of the company declined from 1929 levels, $3.04 per share having been earned in 1930 compared with $5.26 a share on a smaller capitalization a year earlier. Operations of the company's mines and plants abroad and in the United States were necessarily curtailed by the falling off in demand for its alloys. The company is the world's leading producer of vanadium, and

(Please turn to page 782)

Securities Analyzed, Rated and Mentioned in This Issue

Important Corporation Meetings

Company	Specification	Date of Meeting
Amer. Radiator & Stand. Sanitary Co.	Pfd. & Com. Dividend	4-20
Amer. Smelting & Refining Co.	Pfd. & Com. Dividend	4-8
California Packing Corp.	Com. Dividend	4-9
Central R. R. of New Jersey	Com. Div'd	4-23
Cerro de Pasco Copper Corp.	Com. Div'd	4-7
Cities Service Co.	Com. & all Classes Pfd.	4-15
Columbia Gas & Elec. Co.	Directors	4-8
Continental Can Co.	Com. Dividend	4-8
Freeport Texas Co.	Com. Dividend	4-16
Hudson-Manhattan R. R.	Com. Dividend	4-23
Kroger Grocery & Baking Co.	Com. Div.	4-20
Liggett & Myers Tobacco Co.	Com. & Com. B Div'd	4-22
Missouri-Kansas-Texas R. R.	Pfd. A Dividend	4-21
National Biscuit Co.	Pfd. & Com. Div'd	4-21
National Power & Light Co.	Com. Div'd	4-16
National Refining Co.	Com. Div'd	4-21
Oppenheim, Collins & Co.	Com. Div'd	4-7
Pacific Gas & Elec. Co.	Special	4-14
Paramount Publix Corp.	Annual	4-21
Republic Steel Corp.	Annual	4-8
Southern Pacific Co.	Annual	4-8
Woolworth (F. W.) Co.	Com. Dividend	4-8

(*Continued from page* 780)

owns rich deposits in Peru in addition to properties in Colorado. An important factor for the future is that the company's titanium plant in Virginia is expected to be in operation in a short time. Titanium is used in pigments, and in the manufacture of dyes, textiles, paper, glass, leather, radio tubes, and also in research work in medicine. A $5,000,000 issue of 10-year 5% debentures recently was issued to reimburse Vanadium Corp. of America for expenditure in developing the mineral body in Virginia. The debentures are convertible into common stock at $80 a share. While a switch from the common stock to the debentures would have the effect of reducing the risk involved, since the bonds are a prior obligation, we believe that your interests will be well served in maintaining your equity in the common shares. The common stock is subject to wide fluctuations, however, due to the small capitalization, and you must be able to assume the attendant risk.

LOOSE-WILES BISCUIT CO.

Loose-Wiles common has been recommended to me for semi-investment by a conservative house as an issue that has outstanding possibilities for market appreciation over a reasonable term. What is your judgment in the matter? Are dividends likely to continue on a $3 annual basis?—J. S. E., St. Petersburg, Fla.

Despite the poor business conditions witnessed during 1930, the Loose-Wiles Biscuit Co. issued a relatively satisfactory report last year, covering the $3 dividend paid by a good margin. The consolidated net income in 1930 totaled $2,465,597 equivalent, after dividends on the 7% preferred stock, to $4 a common share. This report compared with $2,732,095 or $4.58 a share in 1929, on a smaller number of common shares. In addition to the regular annual dividend of $2.60 per common share, Loose-Wiles paid an extra of 40 cents a share last year. The report for 1930 included full year earnings of the Tru-Blu Biscuit Co., and Schust Co., which were acquired late in the year. It is likely that the decline in income in 1930 was due to the falling off in demand for those of its products which are in the luxury class. The longer term outlook remains favorable, although a sharp upturn in earnings can hardly be looked for in view of existing business conditions. The financial position of the company is very strong with a ratio of current assets to current liabilities at the close of 1930 of 4.2-to-1, against 3.22-to-1 a year earlier. The dividend appears secure and the stock is suitable for longer term retention.

Building Revival Calls for Financial Engineering

(*Continued from page* 748)

of various types. Above all, they open new sources of financing and tend to cut down financing costs. Instead of being a speculative enterprise building is tending to become a manufacturing and merchandising process, much to the advantage of those companies that have grown up around the building and construction industry and contribute so many varied products to its progress.

The forces at work to bring normal real estate activity are profound, and they act directly. The country requires normally for replacement alone a construction total of one and a half billion dollars a year. While the Federation of British Industries in a manifesto issued March 12 came out with a blunt demand that the British standard of living be cut down to that prevailing in competing continental countries, it is inconceivable that American industry should forego its march toward better and more efficient living, or that American business should cease to look for the most efficient office quarters it can find. We have learned this year as never before to make a careful count of supply and demand both in the city at large and in the immediate neighborhood of a proposed structure before building it, and we have almost doubled our accumulation of usable and accurate data on local real estate conditions and more than doubled the use being made of them. We know that vacancy for residential property in 26 cities averaged this year 4.44 per cent, and that vacancies in office buildings in specific instances are 13.2 per cent, 15.62 per cent, 16.3 per cent.

The 1930 census shows continued concentration in the cities, particularly the large cities, which show a gain of 23.8 per cent. Detailed examination will show, however, a continuing strong trend to the country regions around the cities. Urban needs will increase in proportion to the accelerated urbanization of our times. And since approximately one out of every twelve people in the city are engaged in office work this means for one thing approximately fifteen square feet of new office space for each new urban dweller. If we can reduce cost of home ownership, there is no question that we can check the present tendency toward multiple dwellings. What is taking place is not only urbanization of the population but urbanization of the country regions around the cities. More comfortable standards of living than can be offered in huge multiple structures are opened by our motor age.

Idle money is waiting for investment but wants to be safe. Exaggerated timidity, showing itself in a distrust of ordinary banking and investment media, is illustrated picturesquely by the fact that the postal savings system, reports a semi-annual increase in its deposits larger than any previous annual increase. Frederick A. Pilton, third assistant postmaster general, reports quite seriously as symptomatic the case of a man in New York, who placed his money in a horse's collar and one day found the horse eating the straw out of the collar. That so disturbed him that he turned his money over to the federal savings system. In more sophisticated financial circles the same disturbed feeling about horse-collar deposits is bound to come about. The present situation is so absurd that it cannot continue. The fundamental values behind city real estate and the faith that we have in those values is shown by the fact that mortgage banks of foreign nations have recently sold 200 million dollars' worth of their securities in this country. February was the first month since 1928 to show an advance over the corresponding month of a year ago in residential building. It showed also a gain in the amount of real estate financing with residential financing in the lead. It would be a thankless task to predict coming curves but in the pronounced present movement toward better understanding of the fundamental factors which determine its value and its best use it may be said that nothing has a more assured future than urban real estate.

Facts, News and Comments

Herbert V. Prochnow of the First National Bank of Chicago has been selected as general program chairman of the 16th Annual Convention of the Financial Advertisers Association to be held at Boston, September 14-17. The theme of the convention will be "The Constructive Force in Finance."

* * *

Richard H. Swartwout, Alfred C. Andrews, Paul Appenzellar, George A. Ball, William C. Breed, J. William Buzzell, E. A. Pierce, L. C. Stowell and Thomas J. Watson were re-elected directors of Dictaphone Corp. at the annual meeting of stockholders, March 20, 1931.

* * *

In spite of a slight falling off of gross earnings of subsidiaries, Central and South West Utilities Co. reports earnings of $1.34 per share in 1930, compared to $1.29 in 1929.

20 Points Profit on McKeesport Tin Plate in 20 Days

McKEESPORT Tin Plate was recommended to subscribers to THE INVESTMENT AND BUSINESS FORECAST of The Magazine of Wall Street on March 6 as an *Unusual Opportunity*. It was.

At the time this advice was made McKeesport Tin Plate was available around 81. March 12 a dividend of $1 accrued, marking the original cost down to 80.

March 26 we telegraphed subscribers to close out McKeesport. The average selling price was 100—resulting in a profit of 20 points in 20 days on each share carried.

This is the sort of service you are looking for, and the type of service the Forecast is in a position to give you.

We do not hold out the assurance that every security recommendation will show 20 points profit—or even 10 points as in the case of United Corporation closed out on March 7—but, the excess of profits over losses should show returns far in excess of what you could hope for without expert counsel and guidance. And from time to time you can look for other "McKeesports" to develop.

If you are to be sure of receiving prompt advice on selections of this sort you must be among our regular subscribers.

Enroll *today*. In this unusual market phase it is particularly essential that you miss none of the important profit-making recommendations that go to our subscribers.

This Complete Service for Six Months Only $75

(a) *Investments Mainly for Income* but with possibilities for enhancement in value due to investor demand. Recommended and carried in our Bond and Preferred Stock Departments.

(b) *Investments for Income and Profit.* Sound dividend-paying common stocks, entitled to investment rating, with good profit possibilities. Recommended and carried in our Bargain Indicator.

(c) *Speculative Investments* that offer outstanding possibilities for price appreciation over a moderate period. Recommended and carried in our Unusual Opportunities Department.

(d) *Trading Advices* through the intermediate swings, (for the purpose of securing profits that may be applied to the purchase of investment and income-producing securities).

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☐ **Telegraph me collect the current Unusual Opportunity recommendations and thereafter as described in (c).**

☐ **Telegraph me collect the current Trading Advices and thereafter as described in (d).**

New York Curb Exchange

IMPORTANT ISSUES

Quotations as of March 26, 1931

Name and Dividend	1930 Price Range High	1930 Price Range Low	Recent Price
Aluminum Co. of Amer.	224	140½	204
Aluminum Pfd. (6)	109⅝	106¾	109½
Amer. Cyanamid "B"	12¾	7⅝	10⅛
Amer. Gas Elec. (1)	97½	70¼	80
Am. Lt. & Traction (2½)	54½	43	53⅛
Amer. Superpower (.40)	19⅛	9⅝	17¾
Assoc. Gas Elec. "A" (2)	23⅝	17⅛	23
Brazil Tr. L. & P. (8%)	28½	21	22⅞
Central States El. (10% stk.)	12½	9	12⅜
Cities Service (.30)	20¾	15	18⅞
Cities Service Pfd. (6)	84¾	79¾	83¾
Cities Ser. Pfd. B (.60)	7⅛	6⅞	6⅞
Comwlth. Edison (8)	256¾	221	248¾
Cons. Gas of Balt. (3.60)	101	82	98⅞
Consol. Dairy Prod.	6⅛	3¼	6
Cord Corp.	14¾	5⅞	13⅛
Crocker Wheeler	14⅛	7¾	13⅛
Deere & Co. (1.20)	44¾	33⅛	36
Durant Motors	3¼	1¼	3
Elec. Bond (6% stk.)	61	40	56⅞
Ford Motors of Can. A (1.20)	29¼	21⅞	28
Ford Motor of France (.28)	10½	7⅛	9⅝
Ford Motors, Ltd. (.36⅝)	19⅞	14⅞	16⅛
Fox Theatre, A	6⅛	4⅛	5
General Baking (2)	24	17	23¼
General Baking Pfd. (8)	38½	27⅝	37⅛
Glen Alden Coal (4)	60	38⅜	43
Goldman Sachs T.	11¼	5¼	10⅞
Gulf Oil (1.5)	75½	63¾	66⅛
Hudson Bay M. & S.	6⅜	4¼	5⅞
Humble Oil (2½)	72	55⅛	55⅛
Hygrade Food Products	5⅞	2¾	4¾
Insur. Securities Inc. (.70)	9¼	6⅛	8⅝
Internat. Pet. (1)	15⅛	11⅞	12⅛
International Utilities B	10⅞	5¼	10¼
Lehigh Coal & N. (1.20)	27½	23¼	25¼
Libby, McNeil & Libby	14½	10	14⅜
Lone Star Gas (.88)	25	22	22⅛
Mo.-Kan. Pipe Line (stk. 10%)	11	5	8¾
Mid. West Util. (stk. 8%)	25¼	17⅛	23¾
Mountain Producers (1)	5⅞	4⅜	4½
National Fuel Gas (1)	26½	21	23¾
New Jersey Zinc (3)	51	46¼	48¼
Niagara H. P. A. war.	3¼	1¾	2¾
Do B war.	8½	5⅛	7
Newmont (4)	58⅞	41½	49
Niagara Hudson Power (.40)	15½	9¼	13¾
North. States Power (8)	152⅜	123⅝	150
Noranda Mines	29⅝	14⅛	28⅛
Novadel-Agene (4)	51⅜	38½	46½
Penroad Corp. (.20)	8½	6⅛	6¾
St. Regis Paper (1)	21½	13¾	19⅜
Ruberoid Co. (4)	42	34	41
Safety Car H. & L. (8)	90¼	81	81
Salt Creek Producers (2)	7¾	6⅛	6½
Stand. Oil Ky. (1.60)	23⅝	20⅜	21¾
Standard Oil of Ind. (2)	38½	30⅞	31¼
Stutz Motor	28	18½	26½
Transcontinental Air Trans.	7⅞	3⅝	7
Trans Lux	13	6⅝	13
Tubize Chatel "B"	16	3⅝	9
United Gas Corp.	11⅞	7⅜	10¼
United Lt. & Pow. A (1)	34½	23	31⅜
Utility & Indus. Corp.	9¾	5¾	8
Utility Pow. & Lt. (1.02½)	14½	9	12¾
Vacuum Oil (4)	69¾	52⅝	55¾

Norfolk & Western

(Continued from page 755)

acterized its $1.25 declaration on the common as "a quarterly dividend."

Holders of Norfolk & Western common stock should not be disturbed by recent announcements from Washington relative to their company. The I. C. C. does some peculiar and unexplainable things. Not long ago that body issued an order directing Norfolk & Western to pay to the Government $15,849,344 so-called recapture money. This amount represents one-half of the total excess railway operating income determined by the I. C. C. as having accrued from 1924 to 1926 inclusive. As has been explained in the columns of this magazine frequently, the whole question of re-capture hinges largely on valuation of railroad properties. The Government has been at the task of determining those valuations for more than 15 years and is nowhere near finished with it. No one can tell when it will be.

Norfolk & Western already has protested to the I. C. C. against its recapture order and the matter will be before that body, and perhaps the courts, for some time. Already many of the railroads have protested and contested the valuations that have been fixed upon their properties by the I. C. C. These protests and contests will be carried on, in some cases even to the United States Supreme Court. All the recapture money that a few large-earning railroads have paid to the Government is tied up and cannot be used. Some day the valuation and recapture clauses of the Transportation Act may be rescinded and this money returned by the Government.

Still more recently it was stated in Washington dispatches that, as a result of an investigation that had been on for months, the I. C. C. was likely to issue an order compelling Pennsylvania Railroad to divest itself of its Norfolk & Western shares. This is another of the many funny things that the I. C. C. has done. Pennsylvania Railroad has had control, through stock ownership, of Norfolk & Western, for a quarter of a century or more and during all that time has directed its policies, at least in a general way. The I. C. C. has known every detail of those relations. Why has it not acted before? Who can answer? Not I.

According to the most recent records, Pennsylvania Co. a holding company of Pennsylvania Railroad, owns 357,000 shares of Norfolk & Western common and Pennsylvania Railroad 296,960 a total of 41.52% of the issue outstanding. In addition, Pennsylvania Railroad owns 124,520 shares of Nor-

folk & Western adjustment preferred, 54.16% of the total outstanding.

In its own consolidation plan the I. C. C. placed Norfolk & Western with a fifth system in Eastern Territory headed by Wabash. The consolidation plan for the eastern roads now pending provides for only four systems and leaves Norfolk & Western with Pennsylvania. Even if the latter has to give up the former, N. & W.'s earnings would not be materially affected.

The geographical location of Norfolk & Western is well known. Its lines extend from Norfolk and Washington to Cincinnati and Columbus and serve the richest bituminous coal fields of the United States.

This year Norfolk & Western common stock has sold as high as 217 and as low as 197½. At the present quotation of a little less than 200, the yield would be a little over 6% if the $2 extra dividend is maintained and a little over 5% with only the regular annual $10 dividend. In either case, however, it is a stock well worth considering for any portfolio.

The American Tobacco Co.

(*Continued from page* 761)

inventories of $108,238,000, while current liabilities amounted to but $4,698,743, indicating a net working capital of $145,488,968, a new high record. Other items of interest in the balance sheet are good-will, patents, etc., which the company values at slightly in excess of $54,000,000, a very conservative figure in view of its advertising appropriations. Inventories, of course, are high and have shown a tendency to increase in recent years. They are probably not excessive, however, if consideration be given to the company's expanding business and in view of the long period during which all tobacco must be processed before it is ready for consumption.

At the present time no discussion of the American Tobacco Co. would be complete without some mention of the company's employee stock subscription plan which is now being contested in the courts. The plan calls for the issuance of a large block of common B stock to employees and officers at $25 a share and the controversy concerning it has many aspects similar to that now surrounding the bonus of Mr. Grace of the Bethlehem Steel Corp. The merits of the question as to whether or not large bonuses are necessary in order to assure the loyalty and cooperation of officers and employees and their effects upon his own equity are matters which can be decided only

by the prospective investor himself.

Because there is no evidence that the public recognizes the fundamental differences—even if they exist, which is doubtful—between one cigarette and another it can only be assumed that advertising, which for this reason has already been stressed, is the basis for any preference displayed. This means that upon the effectiveness of its advertising, aided by the upward trend in consumption, depends the future prospects of the individual tobacco company. Now the American Tobacco Co. has already demonstrated its advertising capabilities and, in addition, is undoubtedly sufficiently strong financially to meet anything which its competitors might do, so that there is every reason for anticipating that the company will gain ground rather than lose it—progress which is certain to react to the benefit of common stockholders and to the further renown of the omnipresent "Lucky Strike."

A Bank's Real Job

(*Continued from page* 743)

therefore follow. Yet most of the large banks are eager for the imposition of the system of branch banking upon this country. They tell us that 6,000 small unit-banks have failed in the last nine or ten years and cite that fact as an incontrovertible argument for branch banks. Most of those failures were due to the many-sided and persistent business upheaval caused by the war. Most of them were in a good cause, being sacrifices to community service. Many of the failed banks went down with their communities in a business storm, which was at least partly due to the indiscretions of their big brothers. But branch-banking means money and credit monopoly and oligarchy. It is better to have free banks that sometimes fail than servile branches that cannot fail and do not serve.

We may be able to endure chain stores, chain gasoline stations and other nation-wide consolidations of business control, but we can not endure a monopoly of banking. At that point democracy will revolt. Political liberty will not be very real or very important when a few great banking groups own all the bank units. Local interests will invariably be sacrificed in such an event to larger interests, and most of the branches will be simply collectors of local funds for foreign application. It is bad enough, for instance, to have great unit banks financing the reckless speculative activities of the stock exchanges, but how much worse would it be if they each had a thousand or more branches throughout the country to suck it dry of its savings for exploitation at headquarters. Branch banking would fasten many other monopolies upon us. General consolidation of business would be facilitated by branch banking, the independent local business man would disappear and we would all be the employes or dependents of a group of national branch or chain business groups supported by a money monopoly, the most sinister and dominating of all monopolies. The prospect is a terrifying one.

In conclusion, my advice to the bankers is that they perfect themselves in their own essential and absorbing business and attend strictly to it. If they do not, and continue to mix and dilute banking with other functions and yield to the megalomania of branch banking, they may find that they have set in train events that will not be to their liking. I wonder if they have ever reflected that it would not be such a long step from governmental creation and administration of money and currency to governmental banking.

Trade Tendencies

(*Continued from page* 772)

gard to oil securities. At present levels they are obviously deflated to a degree where further selling would appear to anticipate no less than universal bankruptcy throughout the industry—something which is unlikely to occur.

Pacific Gas & Electric

(*Continued from page* 757)

reaching about 97 per cent of its 496,000 customers.

The effect on the earnings of the change from artificial gas to natural gas is at first to cause a lowering in gross revenues, because the much higher heating value of the natural product permits the domestic consumers to use less than previously. Lower rates likewise tend to accentuate this. But whereas artificial gas was used chiefly for cooking purposes in the home, natural gas has a much wider market. For domestic house heating and water heating it is an ideal fuel, but more than this there is a tremendous industrial market for the product. It is estimated that about 45% of the potential large-block market in its territory is signed up for natural gas, with a considerable part of the remainder ready

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"ODD LOT TRADING"
John Muir & Co., members New York Stock Exchange, are distributing to investors their booklet "Odd Lot Trading," which explains the many advantages diversification offers to large and small investors. (225).

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describes a practical Partial Payment Plan, whereby sound securities may be purchased through monthly payments of as little as $10. Build a permanent independent income through the systematic investing. (318)

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Are you profiting by the major and also the minor swings of the market? If not, you will be interested in the above booklet issued by a leading financial service in New York City. (377).

INDUSTRIAL BANKING—ITS CONTRIBUTION TO MODERN BUSINESS
Every investor should read this important analysis of a branch of the banking industry in which safe and profitable investments are made. Send for booklet 684.

PRUDENCE-BONDS FOR PRUDENT PEOPLE
A brief description of how Prudence-Bonds are secured by conservative first mortgages on income producing properties and guaranteed by over $16,500,000 of the Prudence Company's capital, surplus and reserves. (691).

ENJOY MONEY
is the title of a booklet issued by Investors' Syndicate. If you are interested in some day enjoying your money, send today for your complimentary copy giving you sound suggestions as to how you can accumulate wealth. (731).

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has issued its annual report containing a history of the corporation, its earnings, statistical data, and services rendered. A complimentary copy will be sent to you upon request. (761).

WHEN TO BUY AND WHEN TO SELL
The Investment and Business Forecast, a security advisory service conducted by The Magazine of Wall Street, definitely advises subscribers what securities to buy or sell short and when to close out or cover. (783).

TRADING METHODS
The handbook on Trading Methods, issued by Chisholm & Chapman, contains much helpful information for traders. A copy will be sent to you upon request together with their latest Market letter. (785).

"UNITED FOUNDERS CORPORATION"
is the title of a booklet containing a complete and up-to-date statement of the history, investment policies and affiliations, etc., of United Founders Corporation. Copies may be obtained by addressing 789.

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Subscribe to the monthly installment shares of the Serial Building Loan & Savings Institute, a building and loan association operating under strict state supervision. Send today for descriptive literature. (835).

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will assist you in judging the comparative value of stocks in which you may be interested. This comprehensive booklet contains latest available data regarding listed stocks, classified by industries. (844).

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A comparative analysis of Associated bonds and other utility bonds, based on tests such as are used by insurance companies and investment banking houses, has been prepared. Copy upon request. (849).

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The most logical form of investment profit insurance is represented by the personal and continuous counsel rendered by the Investment Management Service. Write for full information. No obligation. (861).

STEWART-WARNER CORPORATION
Interested in its future? Copy of the latest financial report and list of products manufactured will be mailed to you upon request. (868).

"TAPE READING AND MARKET TACTICS"
How do the professionals and pool operators in Wall Street operate successfully? Send for this 250-page book, published by Wetsel Market Bureau, which can be bought on 7 days' trial and profit from its advice. (869).

MERCHANDISING STOCKS
The Five-Cent to One Dollar Group was the most successful during the past year of declining commodity prices. Newburger, Loeb & Co. have issued the first of two interesting circulars which will prove interesting reading. (870).

UNITED FOUNDERS CORPORATION CHART
which illustrates the major interests of one of the largest holding companies, has been prepared by the Allied General Corporation and will be forwarded without charge upon request. (871).

THE SAXET COMPANY
G. E. Barrett & Co. have prepared an analysis of the Common Stock of this Company, which is traded in on the New York Curb Exchange. Sent without charge upon request. (872).

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to sign as soon as their present fuel oil contracts expire over the next few years. Natural Gas, moreover, is of importance to the company itself in its electric operations, because it provides a cheap fuel for its steam electric generating plants.

Gross earnings in 1930 amounted to $77,369,388 which includes the newly acquired properties only since date of acquisition. The operating ratio, i. e., ratio of operating expenses, maintenance, and taxes to gross operating income was 43.0% against 48.5% in 1929. The improvement in the operating ratio was partly due to the acquisition of the new properties which were chiefly hydro-electric and to the displacement of artificial gas by natural gas. The company's policy with respect to depreciation is to charge off a very liberal amount, and in 1930 this amounted to 11.5% of the gross revenues.

Net earnings available for the common stock in 1930 were $14,866,993, equivalent to $3.07 on the average amount of stock outstanding during the period and to $2.62 a share on 5,674,213 common shares ($25 par value) outstanding at the end of the year. In 1929, net amounted to $10,899,920, equivalent to $3.52 a share on the average outstanding and $3.27 a share on the 3,329,291 shares actually outstanding at the end of the year.

The large investments made by the system in connection with its natural gas expansion have called for additional financing, part of which has been in the form of bonds, but a substantial part through common stock. Early this year rights were issued to common stockholders for the purchase of additional common stock at $25 per share in the ratio of one new share for each ten shares held. This offering yielded the company $14,185,000 and will be used to defray a portion of the $35,000,000 expense of additions and betterments planned for 1931. Through the policy of bond and stock financing, the company has maintained an ideal balance in its capital structure which in the long run benefits the common stockholders.

Is the Ogre of Utility Legislation Real or Phantom?

By THEODORE M. KNAPPEN

This and other feature articles will appear in the next issue.

Because of the large amounts of funds required in its natural gas program, capitalization has for the time being outrun earning power, but during the current year this should be more fully reflected in actual results.

One other factor is significant in appraising the future prospects of Pacific Gas & Electric Co. and that is the rapid increase of the population in its territory. In the decade 1920 to 1930 the population of California increased 65.7%, a rate of gain far greater than any other state in the Union. The 1930 census showed total population of California of 5,677,251, but this state, which is the second largest in the country, can support many times this number.

The common stock of Pacific Gas & Electric Co. represents an attractive commitment in a utility equity of the more conservative type but with excellent prospects for price appreciation over the longer period. Currently selling for 53, the stock is appraised at slightly more than 17 times the earning power indicated last year. The dividend of $2 annually returns a yield of 3.8%, but this is augmented from time to time by the issue of valuable rights to stockholders. This year, for instance, rights with a market value of $2½ were issued, and these should be considered in figuring out the ultimate yield.

Selling American Cars to the World

(*Continued from page 741*)

figure would exceed the total number of cars our domestic industry could now produce by operating on an 8-hour day basis for a three-year period.

Road Development Abroad

The importance of good roads to the automobile industry is best illustrated by our own country. Not until the creation of our present vast system of interconnecting highways did our motor industry reach its full stride. In the United States we have found that the more cars sold the more good roads are demanded, and the more good roads that are established the more people buy and use cars.

Consequently the development of good roads in foreign countries should have a similar effect on car sales, a fact our motor industry and our business interest in general have been quick to recognize.

There is much satisfaction to be found in the recent statement of the Department of Commerce that it estimates the 1931 road expenditures of foreign countries will total one billion dollars.

Argentine, our best automobile customer, has just embarked upon the largest highway development in its history, with the start of construction of 900 miles of hard surfaced roads at a cost of 200 million dollars.

By far the most ambitious project is that of the Pan-American highway which, when completed, will extend 3,500 miles from New York to Buenos Aires via Laredo, Texas, through Mexico, Central America, Panama, and on through the various South American nations to the Argentine. Parts of this vast international artery have already been completed. The possibilities it offers for us to increase the sales of our motors to the countries it traverses are tremendous.

Particularly indicative of the world-wide movement toward better highways is the action of war-torn and debt-laden China in constructing modern motor roads into the hinterland to replace the ancient trails made by the wheelbarrow, the camel caravan and the carrier coolie. Motor roads in China have increased from a mere 700 miles in 1921 to more than 35,000 miles at the beginning of 1930. What China is doing so too are Morocco, Egypt and other Eastern and Near Eastern nations doing. The vast populations of these countries will eventually be as bent on owning their own automobile as is now the average American who hasn't yet done so.

It is characteristic of American business men that they have not only urged the construction of these highways in other lands, but have also helped finance them and have made available to foreign governments the benefits of their experience and knowledge of the problems to be solved. In doing this they have no doubt speeded the process considerably.

The temptation is strong to digress and dwell on the effect these new roads will have on the flow of commerce within these countries. Needless to say their internal commerce will be made easier, speedier and cheaper, with the result that they will become more prosperous and therefore more lucrative markets for our exports, including our automobiles.

European Production in 1930

The following estimates by *The American Automobile* do not include the assembly of American cars in European branch factories.

	Automobiles	Cars	Trucks
Austria	9,000	6,000	3,000
Belgium	*7,500	......	......
Czechoslovakia	20,000	13,000	7,000
Denmark	*200	......	......
France	222,379	181,260	41,119
Germany	68,500	54,000	12,500
Great Britain	200,000	150,000	50,000
Hungary	300	200	100
Italy	43,650	34,150	9,500
Poland	*600	......	......
Spain	*400	......	......
Sweden	2,400	800	1,600
Switzerland	1,300	200	1,100
†U. S. S. Russia	5,878	481	5,397
Miscellaneous	*1,000	......	......
Total	583,107	440,091	131,816

* Not separately classified.
† Fiscal year, 1929-30.

Tariff Walls

Up to this point we have dwelt more on the factors favorable to the marketing of our cars abroad. That there are obstacles to be hurdled is natural. The principal one of these obstacles in the tariff wall erected by some countries to keep our cars from completely monopolizing their market. This complicates the export problems of our motor industry but it has by no means pushed them beyond solution.

Countries which have been particularly active in the erection of tariffs against the importation of our cars include France, England, Portugal, Switzerland, Belgium, Italy, Spain, Germany, Czechoslovakia, and Canada. A study of the rate of duties of some of these countries might possibly lead to the impression that they effectively stop the flow of our cars into the countries imposing them. Such a conclusion would not only ignore the true situation but also the fact that by virtue of our mass production we are able to produce and sell cars at a price low enough to in many cases absorb these high duties and still compete favorably with cars made within the tariff walls as well as cars which originate in countries enjoying preferential tariff treatment.

Of course it is possible, however, for any country to erect such high tariffs that it becomes useless for us, even with our ability to make low priced cars, to attempt to scale the barrier. In fact, several European nations have raised their tariffs to such an extent. To their amazement they discovered that when we are frustrated in our efforts to export our cars we have simply gone into the business of exporting chunks of our industrial system. That is to say we are establishing in these countries our own factories where the cars are manufactured right on the spot, within the tariff wall. Perhaps that is why French automobile makers have asked the government to reduce the tariffs. General Motors and Ford have led our automobile industry in this movement. Undoubtedly other American car manufacturers will follow in their footsteps where they find it advisable.

Although Ford and General Motors, in operating factories in foreign countries, work to the same end, they have been doing so by different means Ford, from the beginning, established his own subsidiaries, built factories and assembly plants, and created distributing agencies with the same resourcefulness he has employed in the United States.

(*Please turn to page* 790)

Bank, Insurance and Investment Trust Stocks

Quotations as of Recent Date

BANK AND TRUST COMPANIES

	Bid	Asked
Bank of America, N. A.	58½	61½
Bank of N. Y. & Trust Co.	645	655
Bankers	117	120
Brooklyn	510	520
Central Hanover	272	277
Chase	100	103
Chatham-Phenix	83	86
Chemical	47½	49½
City	99¾	102¾
Corn Exchange	122½	126½
Empire	57½	60½
First National	4050	4250
Guaranty	534	539
Irving Trust	37⅞	39⅞
Manhattan Co.	89	92
Manufacturers	49¾	51¾
New York	184	189
Public	59	62
United States Trust	3125	3325

INSURANCE COMPANIES

	Bid	Asked
Aetna Fire	48	50
Aetna Life	53	55
Carolina	27⅝	29⅝
Continental Cas.	33¾	35¾
Glens Falls	47	49
Globe & Rutgers	705	755
Great American	27½	28½
Hanover	36½	38½
Hartford Fire	64	66
Home	34⅝	35⅝
National Fire	58	61
North River	41	44

INSURANCE SHARES—Continued

	Bid	Asked
Stuyvesant	45	55
Travelers	1025	1075
United States Fire	53	56
Westchester	47	50

SURETY AND MORTGAGE COMPANIES

	Bid	Asked
American Surety	85	88
National Surety	51½	52½

JOINT STOCK LAND BANKS

	Bid	Asked
Chicago	2	5
Dallas	35	..
Des Moines	2	..
First Carolina	1	3
Lincoln	26	30
Southern Minnesota	½	1½
Virginia	⅛	⅝

INVESTMENT TRUST SHARES

	Bid	Asked
Amer. Founders Trust 6% Pfd.	40	45
Do 7% Pfd.	46	51
Diversified Trustees Shares A.	18½	19¼
Do Series B	15¼	16
Fixed Trust Shares A.	15⅞	..
Interl. Sec. Corp. of Amer., B.	1½	..
Do A	17½	..
Do 6% Pfd.	80	..
No. Amer. Trust Shares.	6	6½
Second Intl. Securities A.	16	..
Do 6% Pfd.	37½	..
Shawmut Bank	11½	12½
U. S. & British Internl. B.	1½	..
U. S. Electric Lt. & Pr. "A"	32¾	34¾

* Including extras.

(*Continued from page* 788)

The most important of the Ford foreign companies is Ford Motor Co., Ltd., of England, which was formed several years ago to "acquire the sole and exclusive right" of manufacturing essembling distributing and marketing Ford and Lincoln motor cars and Fordson tractors and other Ford products in the following parts of the world, namely, the United Kingdom of Great Britain, and Northern Ireland, the Irish Free State, the Channel Islands and the Isle of Man, the Continent of Europe (exclusive of European Russia), Asia Minor, including Palestine, Syria, Arabia, Iraq, Persia, Afghanistan, Egypt, and certain other parts of Africa.

With the establishment of this English subsidiary it in turn has established numerous other subsidiaries in most of the important parts of the world in which it operates. In all of these subsidiaries Ford of England owns not less than 60 per cent of the outstanding stock. A conservative estimate of the capacity of the numerous plants of the organization places it at 400,000 annually by the end of the present year. This is not to be confused with actual production. No figures on the latter are available.

While European car makers view with alarm the vast organization Ford is setting up all over the world, the general industrial interests of Europe are beginning also to be alarmed. They view with misgiving the effect on their industrial system of Ford's short hours and high wages' policy. There is not much doubt that in the end they will be content, or be forced, to adopt the American system of industry and thereby raise the living standards of Europe. Any gain in this direction will make it possible for more cars to be sold abroad; not only Fords but also those of our other motor manufacturers.

The General Motors organization's method of establishing foreign factories differs from Ford's in that instead of establishing its own plants it has bought substantial holdings in several of the largest European car companies. The theory behind this procedure is assumed to be that by buying into native industries they incur no ill will from the people of that country and instead acquire the good-will which their new associates have for years been creating. The principal acquisitions of this nature are those of Adam Opel A. G., the largest motor manufacturer of Germany, and Vauxhall Motors, Ltd., of England.

Through its affiliation with the Opel organization General Motors has placed itself in a stronger position to ease the monopoly of the European small car market, formerly held by the Citroen Co. of France and Ford. Incidentally, General Motors has for long been variously rumored as having an interest in, or as anxious to buy, control of the Citroen Co.

Other American car manufacturers now operating factories and assembly plants abroad include such names as Hudson, Willys-Overland, Studebaker, Nash, Durant and Chrysler.

Even though foreign motor manufacturers fear both American exports and American foreign branch factories in their own countries, they have been sometimes forced to abandon their natural preference for native products and buy many of the parts for their cars from the United States. This is particularly true of Germany where it is not unusual for a so-called German car to have an American engine and other parts and accessories, including tires and crankcase. One particular company has recently taken to importing complete chassis to be used to make a car supposedly German.

Market for Buses and Trucks

Although space forbids any extended discussion of the possibilities for the marketing of American-made trucks and buses in foreign countries, there is one point which deserves emphasis. It is, that in Europe and other parts of the world we are likely to see, in a year or so, a great increase in the use of buses and especially trucks for the short hauling of passengers and freight such as we are now witnessing on such an extensive scale in our own country. This may possibly assume even greater popularity abroad because of the shorter distance between important shipping centers and because of the less efficient railroads in many foreign countries. Such a trend will no doubt become more evident and insistent with the continued construction of modern highways.

A hint of this situation is contained in the 1930 automobile export figures. These show, despite a sharp drop in the export of other type vehicles, a large increase over all previous years for the large capacity trucks and buses, and this trend will doubtless continue.

Taking the industry as a whole, however, the development of foreign markets is not a factor which will make a boom year out of the admittedly difficult months of 1931. Nevertheless, such minor improvement in the foreign market as now seen likely, coupled with a similarly slow trend toward revival of the motor car sales at home, should produce a somewhat more favorable year than the dark twelve months just past for most of the wisely-managed automobile companies; but it will probably be 1932 before they come back into their full stride.

BUILDING AND LOAN ASSOCIATIONS

Texas

Tennessee

Texas

Texas

Florida

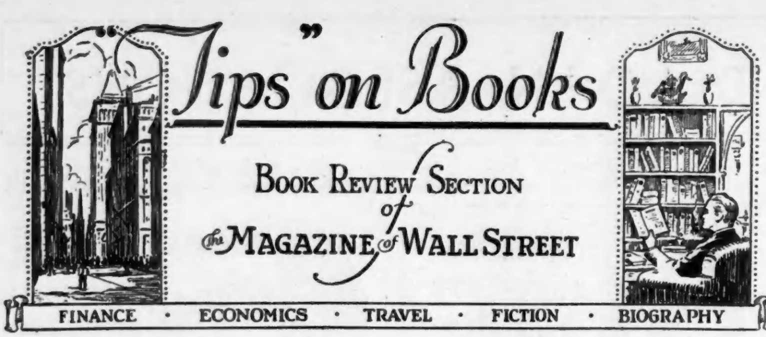
Colorado

Texas

New York

MARKET STATISTICS

	N. Y. Times 40 Bonds	Dow, Jones Avgs. 30 Indus.	Dow, Jones Avgs. 20 Rails	N. Y. Times 50 Stocks High	N. Y. Times 50 Stocks Low	Sales
Monday, March 16	85.12	183.61	102.19	163.66	160.75	2,146,420
Tuesday, March 17	84.94	180.61	100.61	164.31	160.42	2,801,374
Wednesday, March 18	84.94	183.95	100.18	163.02	159.43	2,095,115
Thursday, March 19	84.89	186.56	100.05	165.70	162.78	3,472,170
Friday, March 20	85.02	187.72	100.80	165.97	163.50	2,736,190
Saturday, March 21	84.97	185.24	100.65	165.22	163.56	1,326,487
Monday, March 23	84.93	184.32	100.24	163.96	161.44	1,985,950
Tuesday, March 24	84.97	186.00	101.53	164.76	161.27	1,849,925
Wednesday, March 25	84.93	184.22	100.68	165.52	162.55	2,072,752
Thursday, March 26	84.85	181.70	100.00	164.31	161.14	2,544,660
Friday, March 27	84.86	177.30	98.67	161.72	158.01	2,939,980
Saturday, March 28	84.72	174.06	97.86	157.94	155.22	2,109,470



TARIFF HISTORY OF THE UNITED STATES

By F. W. Taussig

G. P. Putnam's Sons

FOR the benefit of those unacquainted with the previous editions of Professor Taussig's *Tariff History of the United States*, it is well to state that he makes an interesting subject of what is usually considered by anyone not directly affected by it as rather dull material. Beginning with an explanation of the protective theory, he traces the course of tariff legislation from its earliest beginnings to the present time, laying particular stress upon the conditions which brought about the adoption of each act.

In this latest revision, he brings his well known work to date by the inclusion of a chapter on the act of 1930. About that piece of political maneuvering, he has this to say: "Regarded as a whole, the act of 1930 must be characterized as futile. The new duties on manufactured goods were mostly of a petty sort; most noticeably so in such schedules as cotton, silk and chinaware. This or that article was more heavily taxed, and doubtless some domestic producers got an advantage. On the important branches of these industries the protective system had already been carried so far that no considerable further displacement of imports could be expected."

The result was dissatisfaction in nearly every quarter, which directed attention to the possibility of a change in system through the delegation of power to the Tariff Commission. The Commission's record, according to the author, who was at one time chairman of it, has not been such as to inspire a great deal of optimism. However, he cautions against accepting this as conclusive. Radical changes have been made in regard to personnel with the hope "that a commission completely remade would not only command greater respect and improve the details of the schedules, but would modify 'inequitable' or 'unjust' or 'unwarranted' rates, and make the tariff 'right.'"

Professor Taussig writes sincerely with an evident interest in his subject which is likely to induce one who picks up the book for reference to remain to read. M. S. D.

THE EVERLASTING STRUGGLE

By Johan Bojer

The Century Co.

THERE is an epic quality often present in the writings of the Scandanavian novelists. Johan Bojer offers no exception to this. His latest book, *The Everlasting Struggle*, is the saga of the Flata family, which, despite its efforts to rise, is continually being crushed lower under the weight of poverty.

The story opens on a happy note. Anna, the eldest daughter, is about to be married, to a landed proprietor. In this union, the old couple, Paal and Lisbet, see the realization of their fondest hopes. Their Anna is to have the material things which have always been denied them. But the marriage is not a success. Peter, the husband, is a waster and a failure, and, in the end, it is the old couple who must receive them back to their humble hut. Gjert, the eldest son who has done so well in the city and who has been generosity itself to his family, returns to his mother's home, after a serious illness, a man broken in body and spirit. Martha, the second daughter, reaches out hopefully for her right to happiness only to have her trust betrayed. Per, the second son, rebels against his lot but is soon brought to submission. In the end we see the two youngest, Astrid and Martin, with the hope that is eternal in youth, setting out unafraid to engage in the everlasting struggle.

Mr. Bojer possesses a beauty of expression which at times seems almost elementary in its simplicity. Never describing in a direct manner, the character or appearance of a person, he nevertheless brings out by a word here or a phrase there all the subtilities of temperament and the shades of coloring. His outlook is fatalistic — the futile struggling of mankind against the forces of nature, but the reader is seldom conscious of this as a doctrine. The story is too absorbing. M. S. D.

Five Medium Grade Utility Bonds, With Attractive Possibilities

(*Continued from page 753*)

the right to purchase as a unit 7 shares of class "A", 3½ shares of class "B" (v. t. c.), and 3½ shares of common at $577.50 for the unit. A protective feature for the bonds is the provision that 13% of the annual operating revenues of its subsidiary companies will be set for maintenance, renewals and replacements (depreciation).

Associated Gas & Electric Co. Convertible Debenture 4½s, due January 15, 1949, are an unsecured obligation of one of the country's major utility systems. Because of the company's policy of large scale financing on the holding company and the redemption of underlying securities of the operating companies, these bonds are in a fairly strong position, with the margin of earnings somewhat higher than in other holding company bonds. This, of course, is a factor of strength. The system operates in territory which is well diversified both geographically and with respect to industrial and agricultural activity. The conversion feature permits the bondholder to exchange each $1,000 bond for 17½ shares of class "A" stock until March 1, 1932, but this privilege will probably be extended after that time as has been the case in other issues where initial expiration has occurred. From a yield standpoint the bond is very attractive returning at current prices approximately 7.52% to maturity.

Important Dividend Announcements

NOTE—To obtain a dividend directly from the company, the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Ann'l Rate		Amount Declared		Stock Record	Payable
$3.00	American Ice Co........	$.75	Q	4-7	4-25
3.00	Amer. Steel Foundries..	.75	Q	4-1	4-15
8.00	Amer. Type Founders...	2.00	Q	4-4	4-15
3.00	Am. W. W. & El. Co..	.75	Q	4-10	5-1
6.00	Bethlehem Steel Co....	1.50	Q	4-17	5-15
1.00	El. Pwr. Assoc. Inc. A.	.25	Q	4-15	5-1
1.00	El. Pwr. Associates, Inc.	.25	Q	4-15	5-1
....	N. Y. Air Brake Co....	.40	—	4-7	5-1
Stk.	No. Amer. Lt. & Pwr..	2%	Q	4-20	5-15
8.00	Peoples Gas Lt. & Coke.	2.00	Q	4-3	4-17
....	Sears, Roebuck & Co..	.62½	Q	4-8	5-1
2.00	So. Calif. Edison Co....	.50	Q	4-20	5-15
8.00	Southern Railway Co...	2.00	Q	4-1	5-1
1.00	Sweets Co. of Am. Inc.	.25	Q	4-15	5-1
1.00	Transamerica Corp.....	.25	Q	4-4	4-25
1.00	United Lt. & Pwr. Co. A	.25	Q	4-15	5-1
1.00	United Lt. & Pwr. Co. B	.25	Q	4-15	5-1
....	Utilities Hydro. & Rails Shares Corp.	.10	—	4-1	5-1
1.00	W'house El. & Mfg. Co.	1.00	Q	4-6	4-30

FINANCIAL NOTICES

Dividends and Interest

PACIFIC GAS AND ELECTRIC Co.

DIVIDEND NOTICE

Common Stock Dividend No. 61

A regular quarterly cash dividend for the three months' period ending March 31, 1931, equal to 2% of its par value (being at the rate of 8% per annum), will be paid upon the Common Capital Stock of this Company by check on April 15, 1931, to shareholders of record at the close of business on March 31, 1931. The Transfer Books will not be closed.

D. H. FOOTE, *Secretary-Treasurer.*

San Francisco, California.

THE CUDAHY PACKING COMPANY

Chicago, Ill., March 20, 1931.

The Board of Directors has this day declared the regular semi-annual dividend of Three Per Cent (3%) on the 6% Preferred Stock of the Company and Three and One-half Per Cent (3½%) on the 7% Preferred Stock of the Company, payable May 1, 1931 to stock of record April 20, 1931. Also the regular quarterly dividend of $1.00 per share on the Common Stock of the Company ($50.00 par value), payable April 15, 1931 to stock of record April 3, 1931.

A. W. ANDERSON, Secretary.

BAYUK CIGARS INC.

PHILADELPHIA

A quarterly dividend of 1¾% on the First Preferred stock of this corporation was declared payable April 15, 1931, to stockholders of record March 31, 1931. A dividend of 75¢ per share on the Common stock of this corporation was declared payable April 15, 1931, to stockholders of record March 31, 1931. Checks will be mailed.

John O. Davis, *Secretary*

March 13, 1931.

Dividends and Interest

"CANADA DRY"

Ginger Ale, Incorporated
A Delaware Corporation

Dividend Notice

At the meeting of the Board of Directors of Canada Dry Ginger Ale, Incorporated, held March 18, 1931, a quarterly dividend of seventy-five cents ($.75) per share was declared, payable April 15, 1931, to stockholders of record at the close of business April 1, 1931.

R. W. SNOW, *Secretary.*

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

The Directors of the International Railways of Central America have declared a quarterly dividend of one and one-quarter of one per cent (1¼%) on the Preferred Stock of that Company, payable May 15, 1931, to Preferred Stockholders of record at the close of business on April 30, 1931.

FRANK I. TENNYSON, *Treasurer*
11 Broadway, New York, N. Y.

THE NEW YORK AIR BRAKE COMPANY

New York, March 18, 1931.

The Board of Directors on this day declared a dividend of Forty Cents ($0.40) per share upon the outstanding no-par-value Common Stock, payable May 1, 1931, to stockholders of record at the close of business on April 7, 1931.

C. E. LEACH, Secretary.

SOUTHERN RAILWAY COMPANY

New York, March 12, 1931.

A dividend of one and one-quarter per cent (1¼%) on the Preferred stock of Southern Railway Company has been declared payable on April 15, 1931, to stockholders of record at the close of business March 23, 1931.

Cheques in payment of this dividend will be mailed to all stockholders of record at their addresses as they appear on the books of the Company unless otherwise instructed in writing.

C. E. A. McCARTHY, Secretary.

UNITED VERDE EXTENSION MINING COMPANY

233 Broadway, New York, N. Y.

Dividend No. 60 March 16th, 1931.

A dividend of Fifty Cents per share on the outstanding capital stock has been declared, payable May 1st, 1931, to stockholders of record at the close of business April 2nd, 1931. Stock transfer books do not close.

C. P. SANDS, *Treasurer.*

ANACONDA COPPER MINING CO.

25 Broadway,
New York, March 26, 1931.

DIVIDEND NUMBER 111.

The Board of Directors of the Anaconda Copper Mining Company has declared a dividend of Thirty-seven and one-half cents (37½c) per share upon its Capital Stock of the par value of $50. per share, payable May 18th, 1931, to holders of such shares of record at the close of business at 12 o'clock, Noon, on April 11th, 1931.

A. H. MELIN, Secretary.

Dividends and Interest

American Commonwealths Power Corporation

New York Grand Rapids St. Louis

Dividend Notice

The Board of Directors of American Commonwealths Power Corporation has declared the following dividends:

PREFERRED STOCK

The regular quarterly dividend of $1.75 per share on the First Preferred stock, Series A, payable May 1, 1931, to stockholders of record at the close of business April 15, 1931

The regular quarterly dividend of $1.63 per share on the First Preferred stock, $6.50 Dividend Series, payable May 1, 1931, to stockholders of record at the close of business April 15, 1931.

The regular quarterly dividend of $1.50 per share on the First Preferred stock, $6 Dividend Series of 1929, payable May 1, 1931, to stockholders of record at the close of business April 15, 1931.

The regular quarterly dividend of $1.75 per share on the Second Preferred stock, Series A, payable May 1, 1931, to stockholders of record at the close of business April 15. 1931.

COMMON STOCK

The regular quarterly dividend of 1/40 of one share, (2½%) payable in Class A Common stock on April 25, 1931, on each share of Class A and Class B Common stock, to stockholders of record at the close of business March 31, 1931.

Where the stock dividend results in Fractional shares Scrip certificates for such fractions will be issued which can, at the option of the stockholders, be consolidated into full shares by the purchase of additional Fractional shares. The Company will assist stockholders in the purchase of additional Fractional shares.

Checks and stock certificates in payment of dividends will be mailed in due course.

ALBERT VERMEER, *Treasurer.*

March 25, 1931.

The Baltimore & Ohio Railroad Co.

OFFICE OF THE SECRETARY

Baltimore, Md., March 25, 1931.

The Board of Directors this day declared, for the three months ending March 31, 1931, a dividend of one (1) per cent. on the Preferred stock of the Company.

The board also declared a dividend of one and one-quarter (1¼) per cent. on the Common stock of the Company.

Both dividends are payable June 1, 1931, to Stockholders of record at the close of business on April 18, 1931.

The Transfer Books will not close.

G. F. MAY, Secretary.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

166th Dividend

THE regular quarterly dividend of Two Dollars and Twenty-Five Cents ($2.25) per share will be paid on April 15, 1931, to stockholders of record at the close of business on March 14, 1931.

H. BLAIR-SMITH, Treasurer.

AMERICAN TYPE FOUNDERS COMPANY

Jersey City, N. J., Mar. 18, 1931

A quarterly dividend (No. 116) of one and three-quarters per cent on the Preferred Stock and a quarterly dividend (No. 133) of two per cent on the Common Stock have this day been declared payable April 15, 1931, to stockholders of record at the close of business April 4, 1931. Checks mailed by The Bank of America, Transfer Agent, 44 Wall Street, New York City.

WALTER S. MARDER, Secretary

HOW TO RECOGNIZE A GOOD UTILITY BOND

No. 8 of a series of advertisements

THE FINAL TEST

If Earnings Shrink—Then What?

WE HAVE set forth, in a series of advertisements, a group of tests on "How to Recognize a Good Utility Bond." These tests include "Earnings vs. Assets," "'Overall' vs. 'Times-after' Coverage of All Interest and Prior Charges," "Diversity of Sources of Earnings," "Value of Equity in Relation to Total Prior Charges," "Stable Sources of Revenue," "Continuity of Earnings and Future Possibilities."

The importance of these tests cannot be questioned. Sound judgment must, of course, be combined with inherent mathematical facts, but facts in the long run determine the value and safety of an investment.

There is a final all-inclusive test which should be applied to every bond, namely, "How much can the earnings, from which the interest is derived, shrink before the interest is endangered or completely wiped out?"

This final test may be appropriately described as the

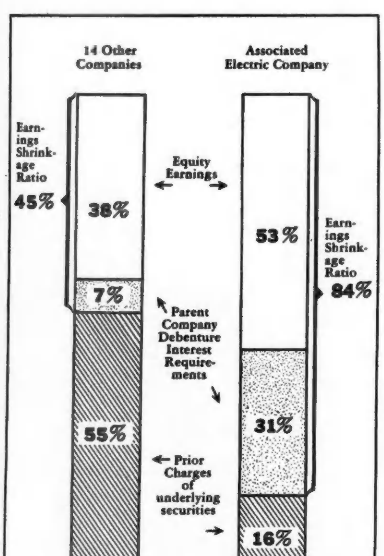
Earnings Shrinkage Ratio

What does this ratio show? (See chart below).

(1) If *38%* of the net earnings were cut off, there would remain just enough to cover the interest on the bonds of the "average" company (composite of 14 companies), as compared with *53%* in the case of the Associated Electric Company bonds.

(2) If *45%* were cut off in the case of the "average" company, all earnings applicable to interest on the bonds would be wiped out, as compared with *84%* in the case of the Associated Electric Company bonds.

In the first instance, Associated Electric Company bonds could endure a *one-third* greater shrinkage before it would affect the interest on the bonds at all, and in the second instance, *nearly twice* as large a shrinkage before it would completely wipe out the interest.



What the Test Demonstrates

This final test demonstrates mathematically the strong, superlative investment quality of Associated Electric Company bonds.

The 14 other companies to which this test has been applied, are well-known, leading public utility enterprises. Their securities are unusually sound. The prices at which they are selling are more than fair and reasonable—distinctly too low in comparison with those of the better companies in other industries.

Small Amount Prior Charges

The strong investment position of Associated Electric Company bonds, as measured by this new test, is due to the extremely small amount of prior charges, such as mortgage liens, debentures or preferred stocks of operating companies. In fact, many of the properties in the Associated Electric group are *entirely* free of such obligations or charges.

This situation has resulted from the application of the "*Associated Plan of Finance,*" which in its essence aims to restrict or eliminate underlying debt, preferred stocks, prior charges and obligations of operating companies and to concentrate upon financing through large, well-known issues of the parent company.

This plan brings the bonds close to the earnings of the operating companies with a minimum of intervening charges. It is furthered by the severe restrictive provisions of the indenture under which these bonds were created. All of this gives these bonds a character similar to that of the better quality first and refunding mortgage bonds.

Plan Well Tried

The plan is not new. It has been followed by many of the more successful corporations. Its principles are being adopted more and more widely by the leading utility companies. The best illustration of its successful application is America's premier corporation—the largest telephone company in the world.

A detailed table giving the names and statistics of the 14 companies referred to and copies of preceding advertisements setting forth the various tests referred to, may be obtained by telephoning BOwling Green 9—3957 or by writing for folder D3.

Associated Electric Company 4½'s due 1953 are now selling to yield about 5.10% to maturity.

General Utility Securities

Incorporated

61 Broadway — New York